# FRANCHISE DISCLOSURE DOCUMENT

Vicious Biscuit Franchising, LLC
*a South Carolina limited liability company*
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The franchisee will operate a "Vicious Biscuit" business providing a "True Southern Dining Experience" featuring chef-inspired, craft-food driven, fork-and-knife biscuit dishes, brunch plates, healthy alternatives, and a selection of craft cocktails and non-alcoholic drinks, and related approved merchandise, other related products, and approved merchandise, as well as other limited time offerings (a "**Vicious Biscuit Restaurant**" or "**Restaurant**").

The total investment necessary to begin operation of a new "Vicious Biscuit" Restaurant franchise would range from $799,000 to $1,317,000 (including $65,000 to $85,000 that must be paid to the franchisor or affiliate). If you were to sign a development agreement for three "Vicious Biscuit" Restaurant franchises (the minimum allowed), the total investment necessary would range from $2,522,000 to $4,081,000 (including $125,000 that must be paid to the franchisor or affiliate). This estimate includes the required investment for the initial outlet.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Amanda Kahalehoe at Vicious Biscuit Franchising, LLC, 786 Johnnie Dodds Boulevard, Suite D-1, South Carolina 29464 (tel: 843.278.6912); ak@viciousbiscuit.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 an accountant.

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

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

The issuance date of this Franchise Disclosure Document is April 3, 2025.

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibits E and F. |
| **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 and Exhibit G include 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 "Vicious Biscuit" 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 "Vicious Biscuit" franchisee?** | Item 20 and Exhibits E and F list current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

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

**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation in South Carolina. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in South Carolina than in your own state.

**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.

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

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.

Vicious Biscuit Franchising, LLC

FRANCHISE DISCLOSURE DOCUMENT

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Exhibits


| | | | |
|---|---|---|---|
| A | Franchise Agreement and Related Exhibits | G | Financial Statements |
| B | Area Development Agreement | H | Table of Contents - Brand Standards Manual |
| C | List of Administrators | I | State Addenda |
| D | Agents for Service of Process | J | Franchise Compliance Questionnaire |
| E | List of Current and Former Franchisees | K | General Release |
| F | List of Company-Owned Vicious Biscuit Restaurants | L | State Effective Dates |
| | | M | Receipts (2 copies) |

## Item 1 The Franchisor, and Any Parents, Predecessors, and Affiliates

### The Franchisor

The franchisor is "Vicious Biscuit Franchising, LLC" (referred to in this disclosure document as "**us**," "**our**," or "**we**"). We are a South Carolina limited liability company that was organized on October 15, 2021. We maintain our principal place of business at 786 Johnnie Dodds Boulevard, Suite D-1, Mount Pleasant, South Carolina 29464. We do not maintain other sales offices. We conduct business only under the name and mark "Vicious Biscuit". We do not engage in business activities other than franchising Vicious Biscuit Restaurants. We began offering Vicious Biscuit Restaurant franchises in 2022. We have never offered franchises in any other lines of business.

Our agents for service of process are disclosed in Exhibit D to this disclosure document.

### Our Parent, Predecessor, and Affiliates

| | |
|---|---|
| VB-Management Company, LLC ("**Management**"), a South Carolina limited liability company organized on March 3, 2022 | Management is an affiliate that employs certain of our staff members and provides certain services to our system. |
| VB-IP Holding, LLC ("**VB-IP**"), a South Carolina limited liability company organized on January 22, 2022 | VB-IP owns the "Vicious Biscuit" trademark registrations and other intellectual property. As noted in Item 13 below, IP has licensed to us the right to use and to license others to use the Proprietary Marks (defined below). |
| Vicious Biscuit Company, LLC, a South Carolina limited liability company organized on April 7, 2017 | These entities operate our company owned units. |
| Vicious Biscuit Holding Company LLC, a South Carolina limited liability company organized on April 23, 2020 | |

All of the entities noted above have their principal place of business at 786 Johnnie Dodds Boulevard, Suite D-1, Mount Pleasant, South Carolina 29464. None of them have ever offered franchises in any line of business. Except as described above, we have no other parents, predecessors, or affiliates that must be included in this Item.

### The Franchise Rights Offered

Each Vicious Biscuit Restaurant is operated in a building that bears our trade dress (interior, exterior, or both) and offers a "True Southern Dining Experience" featuring chef-inspired, craft-food driven, fork-and-knife biscuit dishes, brunch plates, healthy alternatives, and a selection of craft cocktails and non-alcoholic drinks, and related approved merchandise, other related products, and approved merchandise (the "**Products**").

Among the distinguishing characteristics of a Vicious Biscuit Restaurant are that it operates under our "**System**." Our System includes (among other things): the Products as well as confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; brand presentation to consumers (including music playlists), procedures for management; software; training and assistance; and advertising and promotional programs.

We offer to enter into franchise agreements ("**Franchise Agreements**") with qualified corporations and persons ("**you**") that wish to establish and operate a Vicious Biscuit Restaurant. (In this disclosure document, "you" means the person or legal entity with whom we enter into an agreement. The term "you" also refers to the direct and indirect owners of an entity – such as a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the "franchisee.")

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one Vicious Biscuit Restaurant (the "**Franchised Business**") at an agreed-upon location (the "**Accepted Location**") that will be specified in the Franchise Agreement

We identify the System by means of certain trade names (for example, the "VICIOUS BISCUIT" mark and logo), service marks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service. Vicious Biscuit Restaurants must operate according to our standards and procedures, as set out in our confidential brand standards manual and other written instructions relating to the operation of a Vicious Biscuit Restaurant (the "**Brand Standards Manual**").

Vicious Biscuit Restaurants will be operated from an indoor structure that need not be free-standing, in approximately 1,900 to 3,500 square feet in size and are decorated to meet our specifications (including the use of our trade dress, trademark, and design). Vicious Biscuit Restaurants are typically located in strip shopping centers and in stand-alone units. We may also offer franchises for more limited format Vicious Biscuit Restaurants that are not operated as stand-alone units ("**Non-Traditional Restaurants**").

We may also offer area Development Agreements ("**Area Development Agreements**") to qualified entities and persons ("**Area Developers**") in the United States. The form of our Area Development Agreement is attached to this disclosure document as Exhibit B. If you sign an Area Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Vicious Biscuit Restaurants within an agreed-upon designated area (the "**Development Area**"), under an agreed-upon timetable (the "**Development Schedule**"). Each Vicious Biscuit Restaurant (even if you are an Area Developer) will be constructed and operated under a Franchise Agreement. The Franchise Agreement for the first Vicious Biscuit Restaurant developed under the Area Development Agreement will be in the form attached to the Area Development Agreement. The Franchise Agreement for each additional Vicious Biscuit Restaurant developed will be in the form of the Franchise Agreement that we are generally offering to new franchisees at that time, which may differ from the current Franchise Agreement included with this FDD.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Franchised Business operations, including, for example, zoning, building code, health, sanitation, no-smoking, Equal Employment Opportunity Commission, Occupational Safety and Health Administration, discrimination, employment, sexual harassment, and tax laws. The Americans with Disability Act of 1990 and state equivalents require readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. For example, you must obtain permits for your building, construction, outdoor patio, and zoning, alcohol service, as well as operational licenses. There are also regulations that pertain to sanitation, food and menu labeling (such as nutritional and caloric information), food preparation, food handling, food content (such as on transfats), and food service. You must comply with all applicable federal, state, and local laws and regulations during the operation of your Franchised Business.

Competition

You can expect to compete in your market with locally-owned businesses, as well as with national and regional restaurant chains, and which may compete with the products offered at a Vicious Biscuit Restaurant. The market for these items is well-established and highly competitive. Restaurants such as a Vicious Biscuit Restaurant compete on the basis of many factors, such as price, service, location, product offerings and quality, speed of service, hospitality, customer experience, and store promotions and marketing programs.

## Item 2 Business Experience

George McLaughlin — Chief Executive Officer

Mr. McLaughlin has been our Chief Executive Officer since October 2021, Chief Executive Officer of Vicious Biscuit Company, LLC, located in Mount Pleasant, South Carolina, since April 2018, and Chief Executive Officer of Vicious Biscuit Holding Company, LLC, located in Mount Pleasant, South Carolina, since April 2020. He also has been Owner/President of MAC Consultants, LLC, located in Mount Pleasant, South Carolina, since 2007.

Amanda Kahalehoe — Chief Operating Officer

Ms. Kahalehoe has served us since August 2021 and was named our Chief Operating Officer in December 2023. She currently holds the same position with our affiliates. Ms. Kahalehoe previously served us and our affiliates as Corporate Controller (January 2022 to December 2023) and worked with us in an outsourced capacity from August 2021 to January 2022. Ms. Kahalehoe previously served as Chief Operating Officer at Lighthouse Security Inc., located in Riverhead, New York, from March 2008 to June 2021.

Michael Ball — Vice President of Operations

Mr. Ball has served as our Vice President of Operations of Vicious Biscuit Company, LLC and Vicious Biscuit Holding Company, LLC since February 2020. He was Senior Business Director for Chick-Fil-A in Summerville, South Carolina from December 2016 to February 2020.

Doinita Leahu — Director of Training

Ms. Leahu has served us and our affiliates since October 2017 and was named as Director of Training for us and our affiliates in January 2024. She previously served as General Manager of

the Neptune Beach, Florida location (September 2021 to January 2023) and as Operations Director in our Summerville, South Carolina location (October 2017 through September 2021).

## Item 3 Litigation

Janet Northrup, Chapter 7 Trustee for the Estate of FM Forrest, Inc. v. Nazario L. Paragano, George W. McLaughlin, FMFD Victoria 264 Ltd. et al. (189th District Court for Harris County, Texas, Cause No. 2019-79948, filed November 5, 2019). The plaintiff, the Chapter 7 bankruptcy trustee for the Estate of FM Forrest, Inc., a real estate development company specializing in multi-family residential developments, filed this lawsuit against numerous individuals and entities, including Mr. McLaughlin (see Item 2 above), who was a minor investor in one of several partnerships involving multiple-family apartment complexes that the debtor was developing and in which it claimed a partnership interest. After FM Forrest filed for bankruptcy, the trustee filed suit against various partners or former partners seeking to claw back certain distributions previously made to them. The trustee alleged violations of the Texas Uniform Fraudulent Transfer Act, breach of fiduciary duty, and fraud by non-disclosure by the defendants. It sought unspecified actual and exemplary damages (but believed to be in excess of $1 million), pre- and post-judgment interest, and court costs. Mr. McLaughlin denied all claims and defended the case vigorously. However, to avoid further unnecessary legal costs after 2 years of discovery and negotiations, Mr. McLaughlin settled to end his involvement mere weeks before a jury trial in Texas by paying $45,000. The bankruptcy court approved the settlement on November 14, 2022, and the state court case was dismissed with prejudice on December 7, 2022. This case did not involve the Vicious Biscuit brand or any related restaurant operations.

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

## Item 4 Bankruptcy

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

## Item 5 Initial Fees

Franchise Agreement

The initial franchise fee is $40,000 and will be due when you sign the Franchise Agreement. The initial franchise fee will be fully earned when you sign the Franchise Agreement, must be paid in

one lump-sum amount, and is not refundable. You also must pay a Development Services Fee of $5,000.

If you are already a "Vicious Biscuit" franchisee in good standing under all of your Franchise Agreements and you wish to obtain an additional franchise, then we will reduce the initial franchisee by $5,000 for the second and each additional Franchise Agreement that you sign.

In our fiscal year ended December 31, 2024, we collected initial franchise fees that were uniformly $40,000.

Development Agreement

If you enter into an Area Development Agreement, you must pay us a development fee. The development fee is the full $40,000 initial franchise fee and $5,000 Development Services Fee for the first Restaurant covered by the first Franchise Agreement concurrently with the Development Agreement, plus a 50% deposit of the initial franchise fees due for all subsequent Restaurants you commit to under the Development Agreement. For the second and each subsequent Restaurant you commit to develop, the initial franchise free will be reduced by $5,000 per Restaurant, making the fee $35,000 for your second restaurant and any additional restaurants.

| Location | Initial franchise fee | Development Fee paid when the Development Agreement is signed | Balance of initial franchise fee that will be due when the Franchise Agreement is signed |
|---|---|---|---|
| First Location | $45,000 | $45,000 | $0 |
| Second Location | $40,000 | $20,000 | $20,000 |
| Third Location and each additional Location | $40,000 | $20,000 | $20,000 |

The amount of the development fee will vary depending on how many Restaurants will be covered under your Development Agreement (which will be subject to our mutual discussion and agreement, taking into account a number of factors). These factors include the number of Vicious Biscuit Restaurants you choose to develop under the Area Development Agreement (a minimum of 3), the market in which you choose to develop, the economics and demographics of that market, and our determination as to the "value" of the Development Area to be granted under the Area Development Agreement as measured by factors such as the total number of potential Vicious Biscuit Restaurants that we anticipate can be developed within the Development Area (regardless of the minimum number of Vicious Biscuit Restaurants that you are required to develop, and market conditions at the time the Area Development Agreement is signed). The development fee must be paid in lump sum, is uniformly applied, and is non-refundable; however, in instances that we consider appropriate, we may waive some or all of the fee. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. In our fiscal year ended December 31, 2024, the development fees that we collected ranged from $30,000 to $105,000.

Grand Opening Program

You must conduct a Grand Opening Program (as described below). While we expect you to pay the funds required by the Grand Opening Program directly to third party suppliers, we reserve the right to: (a) require you to deposit the funds required under the Grand Opening Program with us, for us to distribute as may be necessary in order to conduct the Grand Opening Program; or (b) reimburse us if we deem it necessary to fulfill your Grand Opening Program obligations on your behalf. Currently, we require franchisees to contribute at least $20,000 to conduct their Grand Opening Program.

## Item 6 Other Fees

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | 5% of Net Sales | Weekly, by noon (Eastern time), on Tuesday of each Week; calculated on the Net Sales for the prior Week. | Net Sales means all revenue related to the Franchised Business (excluding sales taxes collected and remitted to the proper authorities and discounts).<br>Payments must be made by electronic funds transfer using the Automated Clearing House (ACH) Network. |
| Marketing Contribution | 2.0% of Net Sales (we have the right to increase this up to a total of 4.0% of Net Sales) (Note 2) | Same as Royalty | Currently, the Marketing Contribution is allocated as follows: (a) 1.0% to the Marketing Fund; and (b) a minimum of 1.0% spent on local marketing. See Note 2.<br>Payments must be made by electronic funds transfer (using the ACH network). |
| Transfer Fee | Depends on type of buyer/transferee. See Note 3. | At time of transfer | Only due if there is a transfer as defined in the Franchise Agreement or the Development Agreement.<br>If the franchisor finds you a buyer, you will also have to pay the franchisor a fee equal to 3% of the sale price. |
| Renewal Fee | $20,000 | Before renewal | Payable upon renewal of the Franchise Agreement on the terms described in that contract. The renewal fee is due instead of a new initial franchise fee. |

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Interest on Overdue Payments | 1.5% per month on the underpayment (Note 3) | Upon demand | Only due if there are any past due payments to us, measured from the payment was originally due until it was actually paid. If a limit on interest rates applies to you under state law, then the interest rate will not exceed that limit. |
| Costs and Attorneys' Fees | Will vary under circumstances | Upon demand | Only due if you default under the Franchise Agreement, you must reimburse us for our expenses (including attorneys' fees) in enforcing or terminating the Franchise Agreement. |
| Audit Costs | Will vary under circumstances | Upon demand | Only due if we audit because you did not submit sales statements, you did not keep books and records, or if you underreport your sales by 2% or more. If this is due, it would include all of our costs and expenses associated with the audit, our actual accounting and legal costs; and interest on the underpayment (see Note 4) |
| Indemnifi-cation | Will vary under circumstances | As incurred | Note 5 |
| Securities Offering Fee | $10,000 or our actual expenses, whichever is greater. | Upon demand | Only due if you or an affiliate make a securities offering, in which case you must reimburse us for our actual costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must indemnify us (see above). |
| Replacement training | Discounted to $2,000 for the fifth and additional replacement personnel to be trained | Before training begins | Training is included in the initial franchise fee; so this is a discounted fee for the fourth and any additional persons who must be trained during the term of your Franchise Agreement. Note 6 |

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Insurance | Will vary under circumstances | As incurred | Only due if you fail to maintain or acquire insurance, and we exercise our right (we have no obligation to do so) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our actual expenses and you must pay us within five days after we send you that invoices. |
| Supplier Inspection Fee | Will vary under circumstances | As incurred | Only due if you propose a new supplier that we have to inspect and evaluate. See Item 8 for more detail. |
| Convention and Meeting Fee | The fee will be determined at the time and will be a proportionate share of the costs. We currently estimate that this will be $250 to $1,000 per person.<br>If you do not attend the convention, you must pay a $2,500 fee. | As incurred | You must attend the conventions and meetings that we periodically require, and must pay this fee (if we charge a fee) for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well). You will also be responsible for all of the other costs of attending meetings and conventions, including travel, room and board, and your employees' wages, benefits and other expenses. |
| Technology Fee | Currently, $175 a week (but we reserve the right to change as conditions warrant, with no more than a 5% annual increase). | Monthly | We reserve the right to require you to pay an ongoing weekly or monthly fee for access to, and in consideration of our development and delivery of, the Computer System. You may incur additional costs directly with third party vendors that provide technology-related services. |

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Additional Technology Fees – Vendor Specific | Variable | As incurred | Includes certain costs that are in turn, due to required technology vendors; Fees by tech vendors that provide products and/or services to you beyond those covered by the Technology Fee must be paid directly to those vendors in the ordinary course of business. |
| Additional On-site evaluation | Our expenses, such as travel, lodging, and meals for the persons sent to conduct the evaluation. | As incurred | Only due if you ask us to perform more than one on-site evaluation, in which case you must reimburse our expenses for those evaluations. This charge will also be required if you do not pass a quality-control or mystery shopper inspection and we (or the mystery shopper) have to re-evaluate your Restaurant. |
| Relocation Fee | 50% of our then-current franchise fee; plus our out of pocket costs in connection with reviewing and approving a relocation (including our attorneys' fees). | As incurred | You may not relocate the Franchised Business without our prior written consent. If we approve a relocation of the Franchised Business, instead of a new franchise fee, you agree to reimburse us for our costs in reviewing and approving the relocation. We may require you to reimburse us for these costs in advance and, if so, we will reconcile our costs and your payments within 30 days after you reopen your Restaurant |
| Lost Future Royalties | The average of the monthly Royalty Fees due for the previous 24 months, multiplied by the lesser of 24 or the number of months remaining in the then-current term of the Franchise Agreement. | Upon request | You must pay this if we terminate the Franchise Agreement as a result of your default or if you abandon the Franchised Business. |

*Notes to Item 6 table*:

1. General:

   - We impose and collect all fees, except for certain local marketing expenses that you will make directly (see Item 11 for details). All fees are payable to us, uniformly applied to new system franchisees, and non-refundable; however, in instances that we consider appropriate, we may waive some or all of these fees.

   - We are not able to estimate the impact on the cost of products and services resulting from implementation or removal of new or increased tariffs.

   - For all fees and charges, you must use the payment method we designate. We have the right to require that you make these payments to us by EFT (electronic fund transfer), including ACH.

   - We have the right to adjust, for inflation, all fixed dollar amounts under the Franchise Agreement for changes to the Index from the year when you sign your Franchise Agreement. The term "**Index**" means the U.S. Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will designate a reasonable substitute measure.

2. We have the right to periodically allocate the Marketing Contribution among the Marketing Fund, Regional Funds and on local marketing and promotion in the proportions that we designate. We have the right to periodically make changes to the allocation of the Marketing Contribution (or as noted above to increase the Marketing Contribution up to a total of 4% of Net Sales) by giving you written notice of the change, and those changes will take effect at the end of that month. We will not increase the Marketing Contribution more than 0.5% of Net Sales (50 basis points) every six months. You must also conduct a Grand Opening Program when you open your Franchised Business, as noted in Items 7 and 11.

3. If the proposed transfer involves the transfer of a non-controlling ownership interest in you, the transfer fee will be $1,500. If the proposed transfer involves the franchise rights granted by this Agreement or a controlling ownership interest in you or in an entity owning a controlling interest in you, the transfer fee will be in an amount equal to (i) fifty-percent (50%) of our then-current initial franchise fee if the transferee is an existing Vicious Biscuit Restaurant franchisee, an entity that is legally affiliated with an existing Vicious Biscuit Restaurant franchisee, or an owner of an existing Vicious Biscuit Restaurant franchisee, (ii) 75% of our then-current initial franchise fee if the transferee is not an existing Vicious Biscuit Restaurant franchisee, not legally affiliated with an existing Vicious Biscuit Restaurant franchisee, or not an owner of an existing Vicious Biscuit Restaurant franchisee, or (iii) 100% of our then-current initial franchise fee if a franchise broker that we retained was involved in the transfer process and a broker commission is payable If any party has engaged a broker with respect to the transfer, you must also pay (or ensure the buyer's payment of) any applicable commission to the broker in connection with the transfer. (If we or any of our affiliates were the party to introduce you to a buyer, then you agree to also pay us a fee of 3% of the total price paid to you under the Transaction.)

4. Interest starts to accrue only if your payment is not made on time and, if so, when your payment was initially due.

5. You must indemnify us, and reimburse us for our costs (including our attorneys' fees), if we are sued or held liable in cases: (a) having anything to do with any securities offering you or your affiliates make relating to the Franchised Business; (b) any unauthorized use of our trademarks and service marks; or (c) having to do with a third party that asserts a claim relating to or arising out of the operation of your Franchised Business.

6. If any of the Specially Trained Management Personnel (as explained in Item 11 below) stops their active management of (or employment at) the Franchised Business, then you must enroll a qualified replacement in our initial training program within thirty days. You may send up to four persons (including the Specially Trained Management Personnel) to the initial training program. If you ask to send more than four individuals to attend training during the term of the Franchise Agreement, then you must pay this discounted training fee. Every two years of operation, you may send up to one additional Specially Trained Management Personnel to be certified. If you send more than one person every two years, you must pay the discounted training fee.

## Item 7 Estimated Initial Investment

**Table A:**
**Your Estimated Initial Investment**

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is Made | Refund-ability |
|---|---|---|---|---|---|---|
| | From | To | | | | |
| Initial franchise fee (Note 1) | $40,000 | $40,000 | Lump Sum | When you sign Franchise Agreement | Us | Nonrefund-able |
| Develop-ment Services Fee (Note 1) | $5,000 | $5,000 | Lump Sum | When you sign Franchise Agreement | Us | Nonrefund-able |
| Lease / rent (Note 2) | $6,000 | $12,000 | As Arranged | Monthly; due when you sign lease | Landlord | As Negotiated |
| Construction (includes permits) (Note 3) | $375,000 | $655,000 | As Arranged | As Arranged | Contractor s | As Negotiated |
| Equipment (Note 4) | $178,000 | $280,000 | Lump sum | Before Opening | Vendors, Approved Suppliers | As Negotiated |

**Table A:**
**Your Estimated Initial Investment**

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is Made | Refund-ability |
|---|---|---|---|---|---|---|
| | From | To | | | | |
| POS and Computer System | $20,000 | $30,000 | Lump sum | Before Opening | Vendors, Approved Suppliers | As Negotiated |
| Signage | $20,000 | $30,000 | As Arranged | As Arranged | Vendors | As Negotiated |
| Opening Advertising (Note 5) | $20,000 | $20,000 | As Arranged | As Arranged | Vendors | As Negotiated |
| Inventory and Start-up Supplies (Note 6) | $20,000 | $40,000 | Lump sum | Before Opening | Us, Vendors, Approved Suppliers | As Negotiated |
| Insurance (Note 7) | $7,500 | $10,000 | As Arranged | As Arranged | Insurance Providers | As Negotiated |
| Training Expenses (Note 8) | $30,000 | $50,000 | As Incurred | As Incurred | Airlines, hotels, Restaurants | Nonrefund-able |
| Business Licenses (Note 9) | $5,000 | $10,000 | As Incurred | As Incurred | Gov't agencies, providers | As Negotiated |
| Architect and Professional Fees (Note 10) | $20,000 | $30,000 | As Incurred | As Arranged | Service Providers | Nonrefund-able |
| Additional Funds (3 Months) (Note 11) | $50,000 | $100,000 | As Incurred | As Incurred | Employees, vendors, utilities | Nonrefund-able |
| Security / Utility Deposits (Note 12) | $2,500 | $5,000 | As Arranged | As Arranged | Lender, Approved Suppliers | As Negotiated |
| Total (Note 13) | $799,000 | $1,317,000 | | | | |

* * * * *

| **Table B:<br>Your Estimated Initial Investment<br>Development Agreement**<br>(example – three Restaurants) | | | | | | |
|---|---|---|---|---|---|---|
| **Type of Expenditure** | **Amount** | | **Method of Payment** | **When Due** | **To Whom Payment is Made** | **Refund-ability** |
| | **From** | **To** | | | | |
| Line 1: Development Fee (Note 14) | $125,000 | $125,000 | Lump Sum | When you sign Develop-ment Agreement | Us | Nonrefund-able |
| Line 2: Office (Note 15) | $0 | $5,000 | As Incurred | As Incurred | Vendors | Nonrefund-able |
| Line 3: Restaurant #1 (Note 16) | $799,000 | $1,317,000 | | When you start to develop this Restaurant | As explained in Table 1 | As explained in Table 1 |
| Line 4: Restaurant #2 (Note 16) | $799,000 | $1,317,000 | | When you start to develop this Restaurant | As explained in Table 1 | As explained in Table 1 |
| Line 5: Restaurant #3 (Note 16) | $799,000 | $1,317,000 | | When you start to develop this Restaurant | As explained in Table 1 | As explained in Table 1 |
| Total | $2,522,000 | $4,081,000 | | | | |

Notes to Tables A and B:

Please review the tables above together with the following notes.

Table A provides the estimates applicable if you were to open one franchised In-line or Stand-Alone Restaurant under a Franchise Agreement.

Table B provides the estimates applicable if you were to sign a Development Agreement to open (as an example) three Vicious Biscuit Restaurants.

Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on many factors (including the availability of financing generally, your creditworthiness, and the policies of lending institutions).

| Note # | |
|---|---|
| 1 | The Initial Franchise Fee is $40,000, as discussed in Item 5. The Development Services Fee is an additional $5,000. |

| Note # | |
|---|---|
| | If you have also signed an Area Development Agreement, and you are in compliance with your obligations under the Area Development Agreement and all of your Franchise Agreements, then we will apply a credit from your development fee toward the initial franchise fee. The amount of the credit will be $35,000 for the first Vicious Biscuit Restaurant you are required to develop under the Area Development Agreement (plus $5,000 toward the Development Services Fee); $35,000 for the second Vicious Biscuit Restaurant (plus $5,000 toward the Development Services Fee); and $35,000 for each additional Vicious Biscuit Restaurant that you are required to open (plus $5,000 toward the Development Services Fee) (the total of those credits will not exceed the amount that you paid as a development fee under the Area Development Agreement). If you sign an Area Development Agreement, you are committing to opening, at minimum, three Vicious Biscuit Restaurants. |
| 2 | Lease/Rent. If you do not own a location for your Franchised Business, you must purchase or lease a space. You will probably need to lease a space at least one month in advance; however, you may attempt to negotiate a pre-opening abatement from the landlord. The estimate represented in the table reflect businesses that are within the preferred target range of 1,900 to 3,500 square feet.<br><br>The figures in the table are calculated on the following assumptions: (a) you will have to pay five months' rent (made up of three months' rent after you open, one months' rent before you open, and one month's rent as a security deposit); (b) for space in the range of 1,900 to 3,500 sq. ft.; (c) at $30 to $50 per sq. ft., per year.<br><br>If the site you choose is larger, has a higher rental cost, or if you have to pay for more months' rent in the pre-opening period, then your costs will be higher than those in the table.<br><br>Rental rates vary considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions and competition in the relevant area, the type and nature of improvements needed to the premises, the size of the Franchised Business, the terms of the lease, and the desirability of the location. If you decide to purchase the property for the location of your Franchised Business, you will incur additional costs that we cannot estimate. |
| 3 | Construction. You will need to construct improvements, or "build out" the premises at which you will operate the Franchised Business. Occasionally, you will take the premises in "vanilla box" condition (for ex., primed drywall ready to be painted, but without improvements). Among other things, you will need to arrange for proper wiring and plumbing, floor covering, wall covering, partitions, heat, air conditioning, lighting, painting, bathroom facilities, signage and the like. You will need to hire a licensed architect and a licensed builder. Costs are likely to vary, and may be much higher, if you wish to establish your Franchised Business in an area where special requirements of any kind (for ex., historical, architectural, or preservation requirements) will apply.<br><br>The estimate is based on build-out in accordance with our specifications for space in the range of 1,900 to 3,500 sq. ft. at $150 to $200 per square foot. |

| Note # | |
|---|---|
| 4 | Equipment. We require franchisees to purchase equipment needed to operate the Franchised Business (such as a refrigerator, freezers, sinks, shelving and racks, and other items listed in our Manual) as well as other miscellaneous items. You will need to obtain the exact equipment we specify and in some cases from the vendor we specify. The amount spent for equipment will vary for each Vicious Biscuit Restaurant depending upon the Vicious Biscuit Restaurant's size, style and local zoning requirements. |
| 5 | Opening Advertising. You must contribute at least $20,000 for initial opening marketing and promotional programs in conjunction with the Franchised Business's soft opening and grand opening, pursuant to an initial opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Program**"). |
| 6 | Start-Up Supplies and Inventory. Items of inventory which you are required to obtain from us or from our affiliate are paid for at standard prices and terms. All items of inventory which you obtain from sources of your own choosing (subject to our approval rights) are paid for directly to the supplier of those inventory items at prices agreed upon by you and the supplier. Start-up supplies and inventory of products will vary based on expected volume of business and size of storage areas in the building. |
| 7 | Insurance. The estimate is for 3 months of coverage. Insurance costs will vary depending upon factors such as the size and location of the Franchised Business, business income level to be insured, payroll totals for workers' compensation, flood zoning, and lease requirements. See Item 8 below. |
| 8 | Training Expenses. The estimates assume travel, meals and lodging, for four individuals to attend initial training.<br><br>Your cost will vary depending upon factors such as the distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, *per diem* expenses incurred, and how many people will attend training. If you send more than four persons to attend training, we estimate that the additional cost, on a per person basis, will range from $2,000 to $4,500. |
| 9 | Business Licenses. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate. These fees are paid to governmental authorities before starting business. |
| 10 | Architectural and Professional Fees. We will provide you, at no charge, with prototype design and image specifications for a Vicious Biscuit Restaurant. You must adapt, at your expense, the layout we provide, subject to our approval. The estimate is for legal, accounting, architectural, administrative, traffic studies, demographic studies, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, |

| Note # | |
|---|---|
| | lease negotiations, and the permitting process in your city. The hourly rates for advisors, accountants, and legal professionals will also vary. |
| 11 | Additional Funds. You will need capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after.<br><br>Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.<br><br>You will need to have staff on-hand before opening to prepare the Franchised Business for opening, training, orientation, and related purposes. We estimate that you will need approximately 200 hours of staff time to get ready for your opening. Your staffing costs will depend on the prevailing wage rates and terms of compensation in your area.<br><br>The figures in the chart and the explanatory notes are only estimates.<br><br>You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances. |
| 12 | Security / Utility Deposits. The figure is the estimated cost of telephone and utility deposits. The rent security deposit is included in the estimate for rent, above. |
| 13 | Total. We relied on our and our affiliates' own experience and information when preparing these figures. While the "low amount" total represents the sum of the lowest estimated initial investment expenditures for each category in the table, and the "high amount" total represents the sum of the highest estimated initial investment expenditures for each category in the table, we expect that your overall expenditures will fall somewhere between the low amount and high amount range, as it is not common for each of a franchisee's initial investment expenditures to match the lowest expected for each category, nor the highest for each category (for example, while rent costs may be close to the estimated low amount, construction costs may be close to the estimated high amount). These are only estimates, however. |
| 14 | The development fee in Table B is for a three-Restaurant Development Agreement. Those fees and the corresponding credits against initial franchise fees and development services fees are explained in Item 5. |
| 15 | In the unlikely event that you need a separate stand-alone office to use as a "multi-unit developer" (distinct from the office that you will use for the first Restaurant), |

| Note # | |
|---|---|
| | we estimate in Line 2 of Table B that you may incur up to $5,000 of expense in setting up that office. |
| 16 | The estimates in Lines 3-5 of Table B for the first through third Restaurants are taken from Table A, less the discounted initial franchise fees for each unit, which are already accounted for in Line 1 of Table C). |

## Item 8 Restrictions on Sources of Products and Services

General

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Brand Standards Manual or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- sell or offer for sale only those Products and services, using the equipment and other items, that we have approved in writing for you to offer and use at your Franchised Business;
- sell or offer for sale all those Products and services, using the equipment and other items, and employing the techniques that we specify in writing;
- not deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent;
- stop using and offering for use any Products or services that we at any time disapprove in writing (recognizing that we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

You must buy all Products, equipment, ingredients, supplies, materials, and other products used or offered for sale at the Franchised Business only from suppliers (including manufacturers, distributors, and other sources) that we have approved in writing. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve, but later disapprove. We have the right to designate only one supplier for certain items used at the Franchised Business in order to take advantage of marketplace efficiencies.

If you want to buy any supplies, or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

Although the Franchise Agreement does not require that we notify you of our approval or disapproval of a supplier within a specified time, we estimate that we will usually be able to notify you of approval or disapproval within 30 to 120 days after receipt of your written request. This is only an estimate and the actual approval time may be shorter or longer than thirty days. Similarly, we estimate that the charge associated with our approval of a typical proposed supplier will range from $1,500 to $2,000.

We have the right to specify the accounting software and a common chart of accounts that you must use (and, if we do so, you will need to use that software and chart of accounts, and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We also have the right to require you to use only an approved bookkeeping service or an approved independent certified public accountant.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

We have the right, but not the obligation, to periodically introduce proprietary items and if we do so, you must buy all such proprietary items only from us or from our designees (and possibly through one or more distributors that we designate in writing).

We estimate that your product purchases from approved suppliers and according to our specifications will represent approximately 95% of your total product purchases in establishing the Franchised Business, and approximately 95% in the continuing operation of the Franchised Business. We also estimate that your product purchases from designated suppliers will represent approximately 95% of your total product purchases in establishing the Franchised Business, and approximately 95% of your total product purchases in the continuing operation of the Franchised Business. This estimate does not account for service purchases, such as insurance, pest control, equipment maintenance, exterior maintenance, and the like.

During our fiscal year ended December 31, 2024, neither we nor our affiliates received revenues from required franchisee purchases and leases.

You must allow us or our agents, at any reasonable time, to inspect the Franchised Business and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our

then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Vicious Biscuit Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Vicious Biscuit Restaurants.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of Products, equipment and other items. During our last fiscal year, we did not collect any Allowances.

Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers.

None of our officers owns any direct interest in any companies that are vendors or suppliers to Vicious Biscuit Restaurant franchises.

Computer System

You must buy (or lease) and maintain a computer system. More detailed information concerning the computer system can be found in Item 11 of this disclosure document under the heading "Electronic Point–Of–Sale and Computer Systems." In general terms, you will be required to obtain a computer system that will consist of certain hardware and software items and peripheral devices (such as printers). Among other things, you will be required to meet our requirements concerning: a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Vicious Biscuit Restaurants, between or among Vicious Biscuit Restaurants, and between and among the Franchised Business, and you, and us; (b) point-of-sale (POS) and digital menu board systems; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) internet access mode (e.g., form of telecommunications connection) and speed; (g) technology used to enhance and evaluate the customer experience; (h) menu boards and related technology, hardware, software, and firmware; (i) front-of-the-house WiFi and other connectivity service for customers; and (j) in Restaurant music systems.

Insurance

Under the Franchise Agreement, you must obtain and maintain at least the following insurance (these requirements are specified in greater detail in Section 15 of the Franchise Agreement):

- Commercial General Liability Insurance (to be Primary Non-Contributory in favor of the Franchisor) including product, contractual, and owned and non-owned vehicle liability

coverages) in minimum amounts of $1 million per occurrence and $2 million general aggregate;
- "All Risk" property damage insurance;
- Business interruption insurance;
- Liquor liability insurance with limits of liability not less than $1 million;
- Employer's liability, workers' compensation, and such statutory insurance as may be required in the state in which the Restaurant is located;
- Employment practices liability insurance with limits of liability not less than $50,000;
- Commercial umbrella/excess liability insurance with limits of liability not less than $2 million.
- Any other insurance coverage that is required by federal, state, or municipal law.

Each insurance policy required under the Franchise Agreement must be primary and noncontributory and must be issued by an issuer we approve, who must have a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Franchised Business is located.

All liability and property damage policies must name us as additional insureds (and provide Additional Insured – Grantor of Franchise) and 30 days' advance written notice in the event of cancellation, material change, or non-renewal. A waiver of subrogation must also be provided for the general liability, auto liability, and workers' compensation policies. We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect.

Except as specified here, you are not required to purchase any other goods or services in accordance with our specifications or from approved suppliers.

## 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 or Development Agreement | Disclosure Document Item |
|---|---|---|---|
| a. | Site selection and acquisition/lease | 1.2, 5 of Franchise Agreement; 10 and Exhibit A of Area Development Agreement | 8 and 11 |
| b. | Pre-opening purchases/ leases | 5, 6, 7, and 14 of Franchise Agreement | 5, 7, and 8 |

| | Obligation | Section in Franchise Agreement or Development Agreement | Disclosure Document Item |
|---|---|---|---|
| c. | Site development and other pre-opening requirements | 3.2, 5.2, 5.4, and 5.7 of Franchise Agreement; 10 of Area Development Agreement | 8 and 11 |
| d. | Initial and ongoing training | 3.1 and 6 of Franchise Agreement | 11 |
| e. | Opening | 3.3, 3.7, 5.1, 5.4, 5.7 and 8.2 of Franchise Agreement; 10 of Area Development Agreement | 11 |
| f. | Fees | 2.2.6, 4 and 16.5.9; 4 of Area Development Agreement | 5 and 6 |
| g. | Compliance with standards and policies / Operating Manual | 1.5, 3.4, 5, 7, 8.1, and 10 of Franchise Agreement | 1, 8, 11, and 14 |
| h. | Trademarks and proprietary information | 1.1 and 9 of Franchise Agreement 8 of Area Development Agreement | 13 and 14 |
| i. | Restrictions on products / services offered | 1.5 and 7 of Franchise Agreement | 5, 8, and 16 |
| j. | Warranty and customer service requirements | 8.7 of Franchise Agreement | Not applicable |
| k. | Territorial development | 1.3 of Franchise Agreement; 2 and Exhibit A of Area Development Agreement | 12 |
| l. | Ongoing product / service purchases | 7 of Franchise Agreement | 8 |
| m. | Maintenance, appearance and remodeling requirements | 5 and 8.6 of Franchise Agreement | 8 |
| n. | Insurance | 15 of Franchise Agreement; 11.1 of Area Development Agreement | 7 and 8 |
| o. | Marketing | 3.5, 3.6 and 13 of Franchise Agreement | 6 and 11 |
| p. | Indemnification | 21 and Ex. C of Franchise Agreement; 11.7 and 15 of Area Development Agreement | Not applicable |

| | Obligation | Section in Franchise Agreement or Development Agreement | Disclosure Document Item |
|---|---|---|---|
| q. | Owner's participation / management / staffing | 8.7 of Franchise Agreement | 15 |
| r. | Records/reports | 4.2, 12 and 15.7 of Franchise Agreement | 6 |
| s. | Inspection / audits | 3.7, 8.11 and 12 of Franchise Agreement | 6 and 11 |
| t. | Transfer | 8.10, 16 and 19.5 of Franchise Agreement; 11.2 and 12 of Area Development Agreement | 17 |
| u. | Renewal | 2.2 of Franchise Agreement | 17 |
| v. | Post-termination obligations | 11.1.1, 12.1.2, 18, 19.3 and 19.5 of Franchise Agreement; 11.4 of Area Development Agreement | 17 |
| w. | Non-competition covenants | 19 of Franchise Agreement; 11.5 of Area Development Agreement | 17 |
| x. | Dispute resolution | 27 of Franchise Agreement; 11.12 of Area Development Agreement | 17 |
| y. | Taxes/permits | 5.4, 8.8 and 20 of Franchise Agreement; 11.6 of Area Development Agreement | 1 |
| z. | Other: Personal Guarantee | Ex. B of Franchise Agreement | 15 |

## Item 10 Financing

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or part of any financing arrangement of yours.

## 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 Obligations. We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your Franchised Business:

(1) Before the Franchised Business opens, we will provide to you, and to your Specially Trained Management Personnel (defined below), the training programs that we designate. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials. *(Franchise Agreement, Sections 3.1 and 6.1)*

(2) We will make available, at no charge to you, a standard layout plan for the construction of a Vicious Biscuit Restaurant and for the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We will also provide site selection and lease review assistance. *(Franchise Agreement, Sections 3.2 and 5.6.1)*

(3) We will provide you with a written list of equipment and suppliers of such materials that are needed to open the Franchised Business. We will also provide you with a list of suggested opening inventory. *(Franchise Agreement, Section 3.3)*

(4) We will evaluate the Franchised Business before it first opens for business. You may not start operation of your Franchised Business until receiving our approval to do so. *(Franchise Agreement, Section 3.7)*

(5) We will provide a representative to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Brand Standards Manual. *(Franchise Agreement, Section 3.3)*

(6) We will lend to you one copy of (or provide you with access to) the Brand Standards Manual during the term of the Franchise Agreement. We can provide the Brand Standards Manual to you in any format we choose (which may include paper, physical media such as a CD, or online). *(Franchise Agreement, Section 3.4)*

(7) We will assist you in developing and conducting the Grand Opening Program (which is more fully described in Items 6 and below in this Item 11 of this disclosure document); you will be responsible for the cost of this program. *(Franchise Agreement, Section 3.5)*

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business. We do not deliver or install any equipment, signs, fixtures, opening inventory, or supplies.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

(1) We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as an operations manager or Franchise Field Consultant,

and these representatives will periodically visit your Franchised Business and offer advice regarding your operations. *(Franchise Agreement, Section 3.8)*

(2) We will provide ongoing training that we periodically deem appropriate, at such places and times that we deem proper. *(Franchise Agreement, Section 6.1)*

(3) We will administer the Marketing Fund as stated in the Franchise Agreement and as described below in this Item 11. *(Franchise Agreement, Section 3.6)*

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

We may periodically provide suggested retail pricing, but you will have the right to set your own prices. We may however, establish reasonable restrictions on the maximum and minimum prices you may charge for the products and services offered and sold at the Franchised Business and (subject to applicable law): (a) if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and (b) if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established

Site Selection

When you enter into the Franchise Agreement, if you do not have an Accepted Location for the Franchised Business, you must sign a site selection addendum attached to the Franchise Agreement as Exhibit H (the "**Site Selection Addendum**"). Under the terms of the Site Selection Addendum, you will have 180 days within which to lease, sublease or acquire a site for the Franchised Business, subject to our approval according to our site selection guidelines.

Under the Site Selection Addendum, we will grant you an area within which you may search for an Accepted Location (the "**Site Selection Area**"). The Site Selection Area is granted only for the purpose of selecting an Accepted Location for the Franchised Business. We will not establish, nor license another to establish, a Vicious Biscuit Restaurant operating under the System within the Site Selection Area until we approve of an Accepted Location for the Franchised Business, or until the search period in the Site Selection Addendum expires, whichever happens first. We will also furnish site selection guidelines to you, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable. We may perform an on-site evaluation that we deem advisable in response to your requests for site approval.

You must submit to us, in the form we specify, a copy of the site plan and such other materials or information that we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed site for the Accepted Location of the Franchised Business. If we do not approve a proposed site by written notice to you within this 30-day period, the site will be deemed disapproved.

When reviewing a proposed site for a Vicious Biscuit Restaurant, we examine factors such as: general location and neighborhood; demographics; size and ease of access to the proposed site; location of the site in relation to other businesses; availability of utilities; the proposed lease or

sublease; ingress and egress; utilities; and zoning issues. We will make our site-selection criteria available to you upon request.

If you fail to acquire or lease a site for the Franchised Business under the Site Selection Addendum within the time required, that will constitute a default under the Franchise Agreement and we will have the right to terminate the Franchise Agreement.

Once authorized, the site for the Franchised Business will be the "Accepted Location." Before the end of the term of the Site Selection Addendum, you must execute a lease which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the "Lease Rider," attached to the Franchise Agreement as Exhibit I. We are not responsible for review of the lease for any terms other than those contained in the Lease Rider.

We estimate that the time period between beginning to find a site for the Accepted Location and the start of operations at the Franchised Business will be approximately nine to twelve months. Factors which may affect this time period include your ability to locate a site, negotiate a lease, secure financing, obtain necessary permits and licenses, construct or build-out facilities for the Franchised Business, weather conditions, construction delays, and obtain furniture, fixtures, equipment and supplies. You may have obtained an Accepted Location and a lease for the Accepted Location before entering into the Franchise Agreement; if not, then you must enter into the Site Selection Addendum.

If you have signed an Area Development Agreement, we estimate that the time from execution of the Area Development Agreement to the opening of your first Vicious Biscuit Restaurant under the Development Schedule (and under a separate Franchise Agreement) will be approximately twelve months. We will approve sites for additional Vicious Biscuit Restaurants under an Area Development Agreement using our then-current site criteria.

Training

If you are an entity, you must have an individual owner serve as your "**Operating Owner**." The Operating Owner must supervise the operation of the Franchised Business and must own a percentage of the voting and ownership interests in the franchisee entity, unless you obtain our prior written approval for the Operating Owner to hold a smaller interest. You must inform us in writing whether the Operating Owner will assume full-time responsibility for the daily supervision and operation of the Franchised Business.

You must have a combination of at least two senior personnel managing your Franchised Business at all times:

| Option One | Option Two |
|---|---|
| • Your Operating Owner (who assumes full-time responsibility for the daily supervision and operation of the Franchised Business); and<br>• Your Operating Manager | • Your Operating Manager (who assumes full-time responsibility for the daily supervision and operation of the Franchised Business); and<br>• Your General Manager |

You will determine whether to adopt Option One or Option Two above.

You must employ a full-time Operating Manager (a "**Operating Manager**") who (as noted above) will either work with the Operating Owner or assumes full-time responsibility for the daily operation of the Franchised Business if the Operating Owner does not do so.

If your Operating Owner does not assume full-time responsibility for the daily operation of the Franchised Business, then in addition to your Operating Manager, you must also employ at least one general manager (the "**General Manager**") in the Franchised Business throughout the term of the Franchise Agreement. The Operating Owner, Operating Manager, and General Manager (if you have one, as noted above) must attend and successfully complete, to our satisfaction, the owners' training program that we offer at our headquarters or another location that we specify. (Your Operating Manager will train your later-hired general managers and assistant managers.)

The Operating Owner, the Operating Manager, and General Manager are referred to as the "**Specially Trained Management Personnel**."

You may send up to four individuals (including the Specially Trained Management Personnel) to the initial training program. If you ask to send more than four individuals to the initial training program, and for each replacement training for a Specially Trained Management Personnel, you must pay us a discounted training fee in the amount of $2,000 for each individual to be trained, with payment to be made in full before training starts.

If for any reason your Operating Owner or your Operating Manager stop actively working (as manager or otherwise) at the Franchised Business, or if we revoke the certification of your Operating Owner or your Operating Manager to serve in that capacity, then you must enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within 30 days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so.

Your Specially Trained Management Personnel may also be required to attend refresher courses, seminars, and other training programs that we may periodically specify.

We will bear the cost of all training (instruction and required materials) (except for additional and replacement training). You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

The subjects covered in the initial training program are described below.

**THE TRAINING PROGRAM**

| Training | Classroom Training | On-The-Job Training | Location |
|---|---|---|---|
| Vicious Biscuit Brand Education | 6 Hours | 0 Hours | Corporate Support Center |
| Use Of Expandshare | 2 Hours | 8 Hours | Summerville, SC or a Certified Training Location |

| Training | Classroom Training | On-The-Job Training | Location |
|---|---|---|---|
| Tour Of Vicious Biscuit/Orientation | 1 Hour | 0 Hours | Summerville, SC or a Certified Training Location |
| Site Visit Procedures | 1 Hours | 10 Hours | Summerville, SC or a Certified Training Location |
| Advertising / Marketing | 1 Hour | 0 Hours | Summerville, SC or a Certified Training Location |
| Management Procedures (IDT, Ordering, Scheduling, LSM, Etc.) | 12 Hours | 16 Hours | Summerville, SC or a Certified Training Location |
| Franchise Reporting Requirements | 1 Hour | 0 Hours | Summerville, SC or a Certified Training Location |
| Accounting / Recordkeeping | 4 Hours | 20 Hours | Summerville, SC or a Certified Training Location |
| Customer Service Procedures | 1 Hour | 8 Hours | Summerville, SC or a Certified Training Location |
| Front/Back Of House – Manager Duties | 0 Hours | 40 Hours | Summerville, SC or a Certified Training Location |
| Back Of House/Prep Recipe Procedures | 0 Hours | 52 Hours | Summerville, SC or a Certified Training Location |
| Barista | 0 Hour | 5 Hours | Summerville, SC or a Certified Training Location |
| Inventory Management | 2 Hours | 7 Hours | Summerville, SC or a Certified Training Location |
| POS System | 0 Hours | 6 Hours | Summerville, SC or a Certified Training Location |
| Cleaning/Checklists | 0 Hours | 16 Hours | Summerville, SC or a Certified Training Location |

| Training | Classroom Training | On-The-Job Training | Location |
|---|---|---|---|
| Safety Procedures<br>(Added 8 Hour Class If Opt In For ServSafe Certification) | 8 Hours* (with opt in) | 0 Hours | Summerville, SC or a Certified Training Location |
| Totals | **39***<br>(8 hours if opt in for ServSafe certification) | **188***<br>(8 hours of Expandshare videos to watch ahead of time) | |

Training will be conducted over a 30-day period in Summerville, South Carolina or at one or more Certified Training Locations, including your store. Training sessions will be scheduled and conducted as frequently as it is necessary, and all training will start no later than 30 days before the store opening. Training will not be scheduled until a lease is signed for your location. All Specially Trained Management Personnel must attend all aspects of the training program established. If any of your Specially Trained Management Personnel do not attend or do not successfully complete the training program, that may result in failure of certification, a delayed store opening, or termination of the Franchise Agreement.

Ms. Doinita Leahu has been Director of Training for Vicious Biscuit Company, LLC and Vicious Biscuit Holding Company, LLC, both located in Mount Pleasant, South Carolina, since January 2024, having first joined Vicious Biscuit Company, LLC as in September 2021 and then becoming General Manager of the Neptune Beach, Florida location in January 2023. Ms. Leahu previously served as Operations Director in Summerville, South Carolina from October 2017 through September 2021.

The instructional materials for our training programs include the Brand Standards Manual, lecture, discussions, and practice

Marketing

During the term of the Franchise Agreement, you will be required to make a contribution of 2.0%***** of the Net Sales of the Franchised Business, which we can allocate as we determine, and which is currently allocated as described below (the "**Marketing Contribution**").

We currently allocate the Marketing Contribution (as a percentage of your Net Sales):

| | |
|---|---|
| 1.0% | To be contributed to the Marketing Fund;***** and |
| 1.0% | At a minimum, to be spent by you on local marketing and advertising.* |

* We have the right to periodically change how Marketing Fund Contributions are allocated among the Marketing Fund, Regional Funds, and local marketing and promotion by notifying you in writing of the change, with those changes to take effect at the end of that month. We also have the right to increase the Marketing Contribution up to a total of 4% of Net Sales by giving you written notice of the change, and those changes will take effect at the end of that month. We will

not increase the Marketing Contribution more than 0.5% of Net Sales (50 basis points) every six months.

You must make your weekly contribution to the Marketing Fund (currently 1% of Net Sales) by electronic funds transfer using the Automated Clearing House (ACH) Network each week in the same manner and time as the royalty fee based on your Net Sales in the previous week. Each Company-owned Vicious Biscuit Restaurant may, at its discretion, make contributions to the Marketing Fund at the same rate as our franchised Vicious Biscuit Restaurants.

You must also conduct a Grand Opening Program when your Franchised Business opens, as described below.

We have not yet established any Regional Funds. We do not have an advertising council composed of franchisees.

None of the amounts that we will collect or hold in connection with the Marketing Fund or a Regional Fund will be used for marketing that is principally a solicitation for the sale of franchises. As described below, we are not required to spend any particular amount on marketing in the area where your Franchised Business is located. As also described below, if amounts are unspent in the Marketing Fund at fiscal year-end, those amounts are carried over by the Marketing Fund for expenditure in the following year.

The Marketing Fund

We will have sole discretion over how the Marketing Fund creates, places, and pays for national marketing. We (or our designee, which might be a corporate subsidiary or a marketing agency) will maintain and administer the Marketing Fund, as follows:

(a) We or our designee will direct all marketing programs, with sole discretion over the concepts, materials, and media used in these programs and the placement and allocation of the programs. The Marketing Fund is intended to maximize general public recognition (building the Vicious Biscuit brand), acceptance, and use of the System. Neither we nor our designee are obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

(b) The Marketing Fund, all contributions, and any earnings, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System.

(c) You must make any contributions to the Marketing Fund and to any Regional Fund by electronic funds transfer using the Automated Clearing House (ACH) Network. All sums you pay to the Marketing Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for the reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Marketing Fund and marketing programs for you and the System (for example, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs). The Marketing Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises. We or our designee will maintain separate bookkeeping accounts for the Marketing Fund.

(d) The Marketing Fund is not and will not be our asset.

(e) Although the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been expended for marketing purposes.

(f) It is our current practice to prepare an annual accounting of the Marketing Fund's operations and that accounting will be made available to you upon request (although we are not contractually obligated to do so). The Marketing Fund will not be audited.

For fiscal year ending December 31, 2024, monies in the Marketing Fund were expended as follows:

| **Category** | **Percentage** |
|---|---:|
| Grand Opening Marketing | 40% |
| Creative | 4% |
| LSM | 9% |
| PR | 3% |
| Digital (Management + Ads) | 24% |
| Corporate Marketing | 20% |
| Total | 100% |

Regional Funds

We currently do not have any Regional Funds, however, we will have the right, as we see fit, to establish a Regional Fund for your region. The purpose of a Regional Fund is to conduct marketing campaigns for the Vicious Biscuit Restaurants located in that region.

If a Regional Fund for your area was established before you began to operate your Franchised Business, then when you open your Franchised Business, you must immediately join that Regional Fund. If a Regional Fund for your area is established after you begin to operate your Franchised Business, then you will have thirty days to join the new Regional Fund. You will not be required to be a member of more than one Regional Fund. The following provisions will apply to each Regional Fund (if and when established):

(a) Regional Funds will be established, organized, and governed in the form and manner that we have approved in advance. The activities carried on by each Regional Fund shall be decided by a majority vote of its members (unless we specify otherwise in writing). Any Vicious Biscuit Restaurants that we operate in the region will have the same voting rights as Vicious Biscuit Restaurants owned by franchisees. The franchisee of each Vicious Biscuit Restaurant participating in a Regional Fund is entitled to cast one vote for each Vicious Biscuit Restaurant owned.

(b) Regional Funds will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in regional marketing.

(c) Regional Funds may not use marketing, advertising, promotional plans, or materials without our prior written approval, as described below.

(d) You must submit any contribution to the Regional Fund by electronic funds transfer using the Automated Clearing House (ACH) Network by the tenth calendar day of each month based on your Net Sales in the previous month. At the same time, you will have to submit the reports that we or the Regional Fund require. We may require that your contributions and reports to the Regional Fund be made to us for distribution to the Regional Fund.

(e) Although, if established, a Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.

(f) We are not required to prepare and provide financial statements for the Regional Fund nor are we required to make that data available for review (although the Regional Fund may itself decide to adopt that standard).

Local Marketing

Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If you email us with your request for approval, along with all needed information, we will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials within ten business days; but if we do not give our approval within 14 days, then we will be deemed to have disapproved the plans or materials.

All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision. (The requirements in this paragraph, as well as in the previous paragraph, also apply to any Regional Funds.)

In addition to (and not in place of) the Marketing Contribution, you must spend at least $20,000 on the Grand Opening Program. You must start to implement your Grand Opening Program 60 days before you are scheduled to open the Franchised Business (and you must complete the program no later than 90 days after you open your Franchised Business). All materials used in the Grand Opening Program will be subject to our prior written approval, as described above and in the Brand Standards manual. If we do not accept the Grand Opening Program in writing within 15 days after receiving it, the Program will be deemed rejected. The Grand Opening Program is considered “local marketing” and is therefore subject to the restrictions described below. Will provide you with an initial marketing framework for your use, which can be customized to your market. We reserve the right to: (a) require you to deposit the funds required under the Grand Opening Program with us, for us to distribute as may be necessary in order to conduct the Grand Opening Program; or (b) reimburse us if we deem it necessary to fulfill your Grand Opening Program Obligations on your behalf.

We will periodically make available to you, for purchase, certain marketing materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term "**local marketing**" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Marketing" does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees expenses; (b) charitable, political, or other contributions or donations; and (c) the value of discounts given to consumers, with the exception of complimentary products provided as a result of community marketing initiatives (however, the aggregate value of actual costs of these complimentary products that will count towards the fulfillment of your local marketing obligations is limited to 0.5% of Net Sales on an annual basis; the value of any costs of complimentary product that exceed this threshold will not count towards the fulfillment of your local marketing obligations).

Digital Sites (as defined below) are considered "marketing" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used.

At our request, you must provide us with written substation of your local marketing activities (including your Grand Opening Program) in the form we specify.

Electronic Point-Of-Sale and Computer Systems

We require our franchisees to purchase a computer system. You must meet our requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Vicious Biscuit Restaurants, between or among Vicious Biscuit Restaurants, and between and among the Franchised Business, and you, and us; (b) point-of-sale (POS) and digital menu board systems; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) internet access mode (e.g., form of telecommunications connection) and speed; (g) technology used to enhance and evaluate the customer experience; (h) menu boards and related technology, hardware, software, and firmware; (i) front-of-the-house WiFi and other connectivity service for customers; and (j) in-Restaurant music systems (collectively, all of the above are referred to as the "**Computer System**").

The Vicious Biscuit Point of Sale (POS) system consists of a hardware platform (including POS terminals, touch screen kitchen display screens,, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) combined with POS software and connected to cloud-based back-end management systems that can be accessed from any browser. (We currently use a POS system offered by "TOAST".) You must be able to maintain a continuous connection to the internet to send and receive POS data to us. You must establish merchant accounts and internet-based credit card and gift card authorization accounts that we designate for use with online card authorizations.

We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install and maintain; (b) updates, supplements,

modifications, or enhancements to the Required Software, which you must install and maintain; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System.

We rely on suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support.

We estimate that the cost of purchasing the POS and Computer System will typically range from $20,000-$30,000 (including POS, security and surveillance system, phone system, low voltage network, computer, menu boards, menu modules, and sound system) and additional technology items that will be in the range of an additional $5,000 to $10,000 (depending on whether or not digital menu boards will be utilized).

The estimated annual cost of Computer System maintenance, support, and upgrades is $1,000 to $2,000 for example, to replace broken handhelds). Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware or software.

You must be able to access information that is available on the Internet, and be able to send and receive email. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an e-mail address that we provide for your Franchised Business' business e-mails.

You must afford us unimpeded access to your Computer System in the manner, form, and at the times we may request. We will have the independent right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable.

We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Franchised Business. We may designate, and own, the telephone numbers for your Franchised Business.

We reserve the right to require you to pay an ongoing monthly "**Technology Fee**" for access to, and in consideration of our development and delivery of, the Computer System. Our current Technology Fee is $100 a week. Vendors may charge additional amounts for the services that they provide.

Finally, changes to technology are likely during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, we will have the right to establish reasonable new standards to implement technology; and you will have to abide by those new standards and also pay vendors' charges for new items and services.

Digital Sites

Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to your Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpages, as we may periodically designate, within our Digital Site. The term "**Digital Site**" means one or more related documents, designs, pages, or other

communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (for example, Facebook, Twitter, LinkedIn, You Tube, Pinterest, Instagram, etc.), the metaverse, blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc. However, if we approve a separate Digital Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Digital Site without our prior written approval; (2) before establishing any Digital Site, you must submit to us, for our prior written approval, a sample of the proposed Digital Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Digital Site without our prior written approval; (4) you must comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Brand Standards Manuals or otherwise in writing; (5) if we require, you must establish hyperlinks to our Digital Site and other Digital Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

Data

All of the data that you collect, create, provide, or otherwise develop is and will be owned exclusively by us, and we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you. All other data that you create or collect in connection with the System, and in connection with operating the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, the Franchise Agreement. You will have to transfer to us all data (in the digital machine-readable format that we specify, including printed copies and originals) promptly upon our request, whether during the term of the Franchise Agreement, upon termination or expiration of this Agreement, or any transfer. (The term “data” does not include customers’ payment card data.)

You must comply with all laws pertaining to the privacy of consumer, employee, and transactional information (“**Privacy Laws**”). You must also comply with our standards and policies concerning the privacy of consumer, employee, and transactional information.

Brand Standards Manuals

The table of contents of the Brand Standards Manual is attached as Exhibit H. The total number of pages in the Brand Standards Manual is 349 pages.

## Item 12 Territory

Franchise Agreement

During the term of the Franchise Agreement, and except as provided otherwise in that agreement, we will not establish or license anyone else to establish, another Vicious Biscuit Restaurant at any location within the “**Protected Territory**” that is designated in your Franchise Agreement. The Protected Territory will typically be a circle with a radius of three mile with its center at the front door of the Restaurant, but your actual Protected Territory may be defined differently, depending on your desired location’s characteristics (for example, whether it is located in a downtown or urban core, in which case the radius may be smaller). We (and our affiliates) retain

all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- to establish, and license others to establish, Vicious Biscuit Restaurants anywhere outside the Protected Territory;
- to establish, and franchise others to establish, Vicious Biscuit Restaurants anywhere outside the Protected Territory;
- to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses also offer or sell products and services that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located;
- to establish, and license others to establish, Vicious Biscuit Restaurants at any Non-Traditional Facility or Captive Market Location (defined below) inside or outside the Protected Territory;
- to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Vicious Biscuit Restaurant inside the Protected Territory);
- to market and sell our Products and services, other than from a Vicious Biscuit Restaurant, anywhere (but not from a Vicious Biscuit Restaurant operating inside the Protected Territory); and
- to sell Products and services using the Proprietary Marks or otherwise, through any method other that is not a Vicious Biscuit Restaurant (including alternative distribution channels such as e commerce), anywhere.

The term "**Captive Market Location**" includes, among other things, non-foodservice businesses of any sort within which a Vicious Biscuit Restaurant or a branded facility is established and operated (including, for example, hotels and resorts).

The term "**Non-Traditional Facility**" includes, among other things, college campuses, schools, hotels, casinos, airports and other travel facilities; federal, state, or local government facilities (including military bases); theme and amusement parks; recreational facilities; seasonal facilities; shopping malls; hospitals; theaters; and sporting event arenas and centers.

Although you will have the rights described above with respect to the "Protected Territory," you will not receive an exclusive territory, and therefore, you may face competition from outlets that we own or from other channels of distribution or competitive brands that we control.

Additionally, you understand that we (and any of our affiliates and designees) reserve the right to distribute or sell any of our products: (a) in grocery stores and other retailers, and anywhere else, but not from another Vicious Biscuit Restaurant operating in the Protected Area. The Franchise Agreement does not grant you any rights with regard to such sales programs, whether they exist now or are developed later.

You may offer and sell services and products only: (a) according to the requirements of the Franchise Agreement and the procedures set out in the Brand Standards Manuals; and (b) to customers and clients of the Franchised Business.

You may not offer or sell services or products through any means other than through the Franchised Business at the Accepted Location; and therefore, for example, you may not offer or sell services or products from satellite locations, temporary locations, mobile vehicles or formats, carts or Non-Traditional Restaurants, by use of catalogs, the Internet, or through any other electronic or print media.

For catering service provided at customers' homes, offices, and other locations ("**Catering**"), and for delivery service through the use of an approved local third-party provider of delivery services ("**Delivery**"): (a) you may not conduct Catering or Delivery activities during the initial operating and training period of the Franchised Business or without our prior written approval; (b) all Catering and Delivery activities must be conducted in accordance with the terms and conditions stated in this Agreement and the standards that we set in the Brand Standards Manual; and (c) we have the right to revoke our approval of Catering and/or Delivery at any time. Further, we have the right to require that you execute Delivery through Restaurant staff and/or through approved third-party delivery vendors. We will have the right at all times to approve or disapprove of any such Delivery services, including the arrangements that you propose to make with any third-party delivery vendor.

The Accepted Location for the Franchised Business will be specified in the Franchise Agreement. You may not relocate the Franchised Business without our prior written approval. If you ask to relocate the Franchised Business, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a Vicious Biscuit Restaurant for a new franchisee.

You do not need to meet any particular sales or revenue volume in order to keep your Protected Territory as described above so long as you stay in compliance with the terms of your Franchise Agreement.

We do not have the right to modify your Protected Territory so long as you stay in compliance with the terms of your Franchise Agreement.

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

Area Development Agreement

If you are an Area Developer and you comply with your obligations under the Area Development Agreement, we will not establish or license anyone other than you to establish Vicious Biscuit Restaurants under the System in your Development Area, until the end of the period of time specified in the Development Schedule to your Area Development Agreement, except that we will reserve all of the rights described below. As a result, 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. You will not receive the right to acquire additional franchises in your area.

Except for the requirement that you be in compliance with your obligations under the Area Development Agreement (including for example the development schedule), continuation of your rights under the Area Development Agreement is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. We may not modify your territorial rights. We will approve sites for Vicious Biscuit Restaurants under an Area Development Agreement using the then-current site criteria we use at the time(s) requested.

## Item 13 Trademarks, Service Marks, Trade Names, Logotypes, And Commercial Symbols

Under the Franchise Agreement, you will be licensed to use the Proprietary Marks, including the principal marks described below, which are registered on the Principal Register of the U.S. Patent and Trademark Office ("**USPTO**"):

| Mark | Registration No. | Registration Date |
|---|---|---|
| VICIOUS BISCUIT | 6,017,192 | 04/24/2020 |
| | 6,242,505 | 01/12/2021 |
| SON OF A BISCUIT | 6,012,266 | 03/17/2020 |
| BODY BY BISCUIT | 6,012,265 | 03/17/2020 |

Our trademarks are registered by our affiliate, VB-IP who expects to file, when due, affidavits of use and affidavits of incontestability, as well as renewal applications, for the marks listed above.

We entered into a license agreement with VB-IP on October 4, 2022, under which we are licensed to use, and to license franchisees to use, the Proprietary Marks and other intellectual property (the "**Trademark License Agreement**") in connection with the operation of the System. The Trademark License Agreement will remain in force for a term of 20 years, unless mutually extended. VB-IP has the right to terminate the Trademark License Agreement immediately for cause upon a change of control of us (in which case VB-IP is obligated to sell the Proprietary Marks to us) or upon our insolvency or bankruptcy. If the Trademark License Agreement terminates (and we have not purchased the Proprietary Marks from VB-IP) VB-IP has agreed to allow you to continue to use the Proprietary Marks under the same terms and conditions as in your Franchise Agreement.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols which is relevant to their use in this state or any other state in which the Franchised Business is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any

manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement. Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We 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 you used the Proprietary Marks in accordance with the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things that our counsel may believe are needed to carry out the defense or prosecution (such as becoming a nominal party to any legal action). Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

## Item 14 Patents, Copyrights, and Proprietary Information

### Copyrights

We own common law copyrights in the Brand Standards Manuals, certain drawings, and advertising materials, and we will make these available to you. These materials are our proprietary property and must be returned to us upon expiration or termination of the Franchise Agreement.

We will furnish you, under the terms of the Franchise Agreement, with standard floor plans and specifications for construction of a Franchised Business. You may be required to employ a licensed architect or engineer, who will be subject to our reasonable approval, to prepare plans and specifications for construction of your Franchised Business, based upon our standard plans. These revised plans will be subject to our approval. You will be entitled to use the plans only for the construction of a single Franchised Business at the site approved in the Franchise Agreement, and for no other purpose. We will require your architect and contractor to agree to maintain the confidentiality of our plans and to assign to us any copyright in the derivative plans they create.

There are no currently effective determinations of the Patent and Trademark Office, Copyright Office, or any court concerning any copyright. There are no currently effective agreements pursuant to which we derive our rights in the copyrights which could limit your use thereof. The Franchise Agreement does not obligate us to protect any of the rights that you have to use any copyright, nor does the Franchise Agreement impose any other obligation upon us concerning copyrights. We are not aware of any infringements that could materially affect your use of any copyright in any state.

Confidential Brand Standards Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Brand Standards Manual. We will lend you one set of our Brand Standards Manual, which we have the right to provide in any format we choose (including paper, CD, or online), for the term of the Franchise Agreement.

You must at all times accord confidential treatment to the Brand Standards Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Brand Standards Manual. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Brand Standards Manual and the related materials, in whole or in part (except for the parts of the Brand Standards Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Brand Standards Manual will always be our sole property. You must always maintain the security of the Brand Standards Manual.

We may periodically revise the contents of the Brand Standards Manual, and you must consult the most current version and comply with each new or changed standard. If there is ever a dispute as to the contents of the Brand Standards Manual, the version of the Brand Standards Manual (that we maintain) will be controlling.

Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during the term of the Franchise Agreement or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of a Franchised Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, you must require your principals and your Specially Trained Management Personnel to sign confidentiality covenants. We also require that persons who will attend training sign a confidentiality agreement. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this agreement is attached as Exhibit G to the Franchise Agreement). Once signed, you must provide us a copy of each executed confidentiality agreement.

Patents

We do not own any patents that are material to the franchise being offered.

## Item 15 Obligation to Participate in the Actual Operation of the Franchise Business

The Franchise Agreement requires that you (or your Operating Principal or one of your designated Specially Trained Management Personnel who will assume primary responsibility for the franchise operations and who we have previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the Franchised Business. The Operating Principal must own at least a 10% interest in the franchisee entity.

The Operating Owner, Operating Manager, and General Manager (if you have one, as noted above in Item 11) must attend and successfully complete, to our satisfaction, the owners' training program that we offer at our headquarters or another location that we specify. (Your Operating Manager will train your later-hired general managers and assistant managers.)

The Operating Owner, Operating Manager, and General Manager (if you have one, as noted above in Item 11) will be required to sign a non-disclosure agreement to prevent disclosure of our confidential information.

The Franchise Agreement does not require you to participate personally in the direct operation of the Franchised Business, although we highly encourage and recommend active participation by you. If you are a corporation, partnership, or other entity, we require all of your owners to sign a guarantee (in the form attached to the Franchise Agreement as Exhibit B) of the performance of your obligations under the Franchise Agreement.

You and your staff must, at all times, cooperate with us and with our representatives.

## Item 16 Restrictions on What the Franchisee May Sell

You may only sell and provide products and services that conform to our standards and specifications. You also will have certain obligations to offer for sale particular items. We have the right, without limit, to change the types of authorized products and services. You may only offer and sell services products to customers at the Franchised Business' premises.

The Accepted Location for the Franchised Business will be specified in the Franchise Agreement. You may not relocate the Franchised Business without our prior written approval. If you ask to relocate the Franchised Business, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a Franchised Business for a new franchisee.

## Item 17 Renewal, Termination, Transfer, and Dispute Resolution

The Franchise Relationship

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

| Franchise Agreement | | |
|---|---|---|
| **Provision** | **Section in Franchise Agreement** | **Summary** |
| a. Length of the franchise term | 2.1 | The earlier of: (a) ten (10) years after the date on which the Franchised Business first opens to retail customers; and (b) eleven (11) years from the Effective Date of the Franchise Agreement |
| b. Renewal or extension of the term | 2.2 | Two additional 10-year terms, subject to certain contractual requirements described in “c” below. |
| c. Requirements for you to renew or extend | 2.2.1 to 2.2.10 | Written notice, renovate/modernize Franchised Business premise, upgrades to computer hardware and software to conform with then-current standards, satisfaction of monetary obligations, not be in default of the Agreement, sign release, pay fee, comply with then current qualification and training requirements, compliance with Franchise Agreement, sign our then-current form of Franchise Agreement (which may contain materially different terms and conditions than the original contract). |
| d. Termination by you | Not applicable | |
| e. Termination by us without cause | Not applicable | |
| f. Termination by us with cause | 17 | Default under Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement. |
| g. “Cause” defined – curable defaults | 17.3 | All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement |

| Franchise Agreement | | |
|---|---|---|
| **Provision** | **Section in Franchise Agreement** | **Summary** |
| h. "Cause" defined - non-curable defaults | 17.1 and 17.2 | Abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement. |
| I. Your obligations on termination/ nonrenewal | 18 | Cease operating Franchised Business, payment of amounts due, and others; see §§ 18.1 - 18.13. |
| j. Assignment of contract by us | 16.1 | There are no limits on our right to assign the Franchise Agreement. |
| k. "Transfer" by you - definition | 16.4.1 to 16.4.4 | Includes transfer of any interest. |
| l. Our approval of transfer by you | 16.4 | We have the right to review and approve all proposed transfers. |
| m. Conditions for our approval of transfer | 16.5 | Release, signature of new Franchise Agreement, payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10. |
| n. Our right of first refusal to acquire your business | 16.6 | We can match any offer. |
| o. Our option to purchase your business | 18.4 and 18.5 | Upon termination or expiration of the Franchise Agreement, we can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at cost or fair market value. |
| p. Your death or disability | 16.7 | Your estate must transfer your interest in the Franchised Business to a third party we have approved. |
| q. Non-competition covenants during the term of the franchise | 19.2, 19.3, 19.4, 19.5, and 19.6 | Includes prohibition on engaging in a "**Competitive Business**," which is any foodservice business as to which breakfast-like items served with and/or on biscuits comprise 50% or more of its offerings or gross revenues. See §§ 19.2 - 19.6. |

| Franchise Agreement | | |
|---|---|---|
| **Provision** | **Section in Franchise Agreement** | **Summary** |
| r. Non-competition covenants after the franchise is terminated or expires | 19.2, 19.3, 19.4, 19.5, and 19.6 | Includes a two-year prohibition similar to "q" (above), within the Protected Territory, within three miles of the Protected Territory, and also within three miles of any other Vicious Biscuit Restaurant then-operating under the System. |
| s. Modification of the agreement | 25 | Must be in writing signed by both parties. |
| t. Integration/ merger clause | 25 | Only the final written terms of the Franchise Agreement are binding, subject to state law. Any representation or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement (or in this disclosure document) is intended to disclaim the representations made in this disclosure document. |
| u. Dispute resolution by arbitration or mediation | 27.3 | Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law. |
| v. Choice of forum | 27.2 | If we ever litigate, we must do so in the court that has jurisdiction over Mount Pleasant, South Carolina. (The law of your state may also impact this provision.) |
| w. Choice of law | 27.1 | South Carolina law applies to the Franchise Agreement. (The law of your state may also impact this provision.) |

| Area Development Agreement | | |
|---|---|---|
| **Provision** | **Section in Area Development Agreement** | **Summary** |
| a. Term of the franchise | 2 | The term of the Development Schedule will be discussed and agreed upon by the parties before entering into the Area Development Agreement |
| b. Renewal or extension of the term | Not Applicable | |
| c. Requirements for you to renew or extend | Not Applicable | |
| d. Termination by you | Not Applicable | |
| e. Termination by us without cause | Not Applicable | |
| f. Termination by us with cause | 11 and 13 | Failure to meet the Development Schedule, default or termination under the Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement. Termination of the Area Development Agreement does not constitute a default under any of your Franchise Agreements. (This clause, like many of those in the Area Development Agreement, incorporate by reference the corresponding clauses in the Franchise Agreement. See § 11 of the Area Development Agreement) |
| g. "Cause" defined - defaults which can be cured | 11 | All other defaults not specified in § 13 of the Area Development Agreement and §§ 17.1 and 17.2 of the Franchise Agreement |
| h. "Cause" defined - defaults which cannot be cured | 11 | Abandonment, conviction of felony, termination of a Franchise Agreement, and others; see § 13 of the Area Development Agreement and § 17.2 of the Franchise Agreement. |

| Area Development Agreement | | |
|---|---|---|
| **Provision** | **Section in Area Development Agreement** | **Summary** |
| i. Your obligations on termination/ nonrenewal | 11 | Stop developing new Restaurants, pay amounts due, pay lost future royalties, and others; see §§ 18.1 - 18.11 of the Franchise Agreement. |
| j. Assignment of contract by us | 11 and 12 | There are no limits on our right to assign the Area Development Agreement. |
| k. "Transfer" by you -definition | 11 | Includes transfer of any interest in you or the Area Development Agreement. |
| l. Our approval of transfer by you | 11 | We have the right to review and approve all proposed transfers. |
| m. Conditions for our approval of transfer | 11 and 12 | Your compliance with the agreement, a release, the buyer's signature of a new Area Development Agreement, the payment of transfer fee, and others. We may also withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under the Area Development Agreement |
| n. Our right of first refusal to acquire your business | 11 | We can match any offer, or the cash equivalent. |
| o. Our option to purchase your business | 11 | We can acquire your lease or sublease for the premises, and purchase your equipment, material, and inventory at cost or fair market value after termination or expiration. |
| p. Your death or disability | 11 | Interest in Area Development Agreement must be transferred to a third-party we have approved within six months. |
| q. Non-competition covenants during the term of the franchise | 11 | Includes prohibition on engaging in a "**Competitive Business**," which is any foodservice business as to which breakfast-like items served with and/or on biscuits comprise 50% or more of its offerings or gross revenues. See §§ 19.2 - 19.6. |

| Area Development Agreement | | |
|---|---|---|
| **Provision** | **Section in Area Development Agreement** | **Summary** |
| r. Non-competition covenants after the franchise is terminated or expires | 11 | Includes a two-year prohibition similar to “q” (above), within the Development Area and within three miles of that area, and also within three miles of any other Vicious Biscuit Restaurant then-operating under the System. |
| s. Modification of the agreement | 14 | Must be in writing executed by both parties. |
| t. Integration/ merger clause | 14 | Only the final written terms of the Area Development Agreement are binding, subject to state law. Any representation or promises outside of the disclosure document and Area Development Agreement may not be enforceable. Nothing in the Area Development Agreement (or in this disclosure document) is intended to disclaim the representations made in this disclosure document. |
| u. Dispute resolution by arbitration or mediation | 11.12 | Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Area Development Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement, which is incorporated by reference into the Area Development Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law. |
| v. Choice of forum | 11 | If we ever litigate, we must do so in the court that has jurisdiction over Mount Pleasant, South Carolina. (The law of your state may also impact this provision.) |

| Area Development Agreement | | |
|---|---|---|
| **Provision** | **Section in Area Development Agreement** | **Summary** |
| w. Choice of law | 11 | If we ever litigate, we must do so in the court that has jurisdiction over Mount Pleasant, South Carolina. (The law of your state may also impact this provision.) |

## 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 disclose 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 the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

Presented below are historical financial operating results for the six company-owned Restaurants that were open for all of 2024.

Please read carefully all of the information in this Item 19 (including the table below as well as the notes that follow this table) for explanation of how these results are determined.

| 2024: Top 50% of company-owned Restaurants | Average | % of Net Sales | Number and pct. above average |
|---|---|---|---|
| Gross Sales (annual, after deducting for sales taxes): | $2,100,681 | 102% | 2 above (33%) |
| Less Promotions: | ($44,592) | 2% | 4 above (67%) |
| Net Sales (annual) | $2,056,072 | 100% | 2 above (33%) |
| Monthly Gross Sales | $175,057 | | 2 above (33%) |
| Cost of Goods Sold (annual) | $564,195 | 27% | 3 above (50%) |
| Labor (annual) | $507,097 | 25% | 2 above (33%) |
| Subtotal: Prime Costs (annual) | $1,071,291 | 52% | 2 above (33%) |
| Imputed Royalties (5% of Gross Sales ) | $105,034 | | |
| Imputed Ad Fund Fees (2% of Gross Sales) (annual) | $42,014 | | |

Notes:

1. The table above reflects the operating results of six company-owned units that were open for all of 2024. We did not include one company-owned unit and two franchised units that were open for only a portion of 2024. The one corporate unit that was open for a part of 2024 reported average monthly gross sales of $165,997. The two franchised locations that were open for only part of 2024 reported average monthly gross sales of $193,492 and $169,991, respectively.

2. For the bottom 50% of units:

    - the average gross sales (AUV) were $1,082,772;
    - average discounts were $35,793;
    - average net sales were $1,046,979;
    - average cost of goods sold (COGS) were 30% of net sales;
    - average labor costs were 33% of net sales; and
    - combined expenses resulted in a prime cost of 63% of net sales.

3. The median gross sales for these six units was $1,259,812 (median monthly gross sales were $104,984).

    - The top 50% had median annual gross sales of $2,223,280 (median monthly gross sales of $185,273).
    - The bottom 50% had median annual gross sales of $1,123,020 (median monthly gross sales of $93,585).

4. Of the six units, the highest volume unit reported annual gross sales of $2,731,161, and the lowest volume unit reported annual gross sales of $953,275.

5. The gross sales numbers already exclude sales taxes. Gross sales less discounts equals net sales. The term “net sales” has the same meaning as explained in item 6 above.

6. The averages in the tables above were prepared from our internal operating records. To the best of our knowledge, this information was prepared according to generally accepted accounting principles. The information presented in this Item 19 has not been audited.

7. Written substantiation of the data used in preparing the information in this Item 19 will be made available to you upon reasonable request.

**Some Shops have earned this amount. Your individual results may differ. There is no assurance you’ll earn as much.**

Other than the preceding financial performance representation, Vicious Biscuit Franchising LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Amanda Kahalehoe at Vicious Biscuit Franchising, LLC, 786 Johnnie Dodds Boulevard, Suite D-1 Mount Pleasant, SC 29464 (tel: 843.278.6912); ak@viciousbiscuit.com; the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20** **Outlets and Franchisee Information**

Table 1:
System wide Outlet Summary for 2022 to 2024 (Notes 1 and 2)

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 2 |
| Company-Owned | 2022 | 2 | 4 | 2 |
| | 2023 | 4 | 6 | 2 |
| | 2023 | 6 | 7 | 1 |
| Total Outlets | 2022 | 2 | 4 | 2 |
| | 2023 | 4 | 6 | 2 |
| | 2024 | 6 | 9 | 3 |

Notes for tables 1-5 in this Item 20:

(1) All data listed is as of the fiscal year end. Our fiscal year end falls on December 31st each year.

(2) States not listed had no activity.

Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for 2022 to 2024 (Note 1)

| State (Note 2) | Year | Number of Transfers |
|---|---|---|
| All States | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Total | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |

Table 3:
Status of Franchised Outlets for 2022 to 2024 (Note 1)

| State (Note 2) | Year | Outlets at Start of Year | Outlets Opened | Termi-nations | Non-Renewals | Re-acquired by Fran-chisor | Ceased Opera-tions Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Louisiana | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Ohio | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |

***[Remainder of page intentionally left blank]***

Table 4:
Status of Company-Owned Outlets
for 2022 to 2024 (Notes 1 and 2)

| State (Note 3) | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Florida | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2022 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 1 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 3 |
| South Carolina | 2022 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 1 | 0 | 0 | 0 | 3 |
| Totals | 2022 | 2 | 2 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 2 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 1 | 0 | 0 | 0 | 7 |

Table 5:
Projected Openings as of December 31, 2024 for 2025

| State (Note 1) | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet In The Next Year |
|---|---|---|---|
| Alabama | 1 | 0 | 0 |
| Florida | 1 | 0 | 0 |
| Indiana | 1 | 1 | 0 |
| Louisiana | 0 | 1 | 0 |
| Mississippi | 1 | 0 | 0 |
| Ohio | 1 | 2 | 0 |
| South Carolina | 1 | 1 | 1 |
| Tennessee | 1 | 0 | 0 |
| Utah | 1 | 0 | 0 |

| State (Note 1) | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet In The Next Year |
|---|---|---|---|
| Virginia | 1 | 1 | 0 |
| Total | 9 | 6 | 1 |

*****

The names, addresses, and telephone numbers of our franchisees as of our fiscal year ending December 31, 2024 are listed in Exhibit E.

The name and last known home address and telephone number of every one of our franchisees who has had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during one-year period ending December 31, 2024, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit F.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with Vicious Biscuit. As of the date of this franchise disclosure document, there are no Vicious Biscuit franchisee associations in existence regardless of whether they use our trademark or not.

## Item 21 Financial Statements

Our audited financial statements for our fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022 are attached at Exhibit G. Our fiscal years end as of December 31st each year.

## Item 22 Contracts

| | |
|---|---|
| Exhibit A | The Franchise Agreement with its exhibits:<br>A. Data Addendum<br>B. Guarantee, Indemnification, and Acknowledgment<br>C. List of Principals<br>D. ACH Authorization Agreement<br>E. ADA Certification<br>F. Sample Form of Non-Disclosure and Non-Competition Agreement<br>G. Site Selection Addendum<br>H. Lease Rider |
| Exhibit B | The Area Development Agreement with its Exhibits:<br>A. Data Sheet<br>B. Franchise Agreement |

| | |
|---|---|
| Exhibit J | Franchise Compliance Questionnaire |
| Exhibit K | General Release |

## Item 23 Receipts

The last two pages of this disclosure document (Exhibit M) are two identical receipt pages to acknowledge that you received this entire document (including the Exhibits). Please keep one copy along with this disclosure document, and please sign and date the other copy and send that signed and dated receipt to us.

**Exhibit A: Franchise Agreement with Exhibits**

**Vicious Biscuit Franchising, LLC**

**Franchise Agreement**

**Vicious Biscuit Franchising, LLC**
**Franchise Agreement**

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Exhibits


| | | | |
|---|---|---|---|
| A | Data Addendum | E | ADA Certification |
| B | Guarantee, Indemnification, and Acknowledgement | F | Sample Form of Non-Disclosure and Non-Competition Agreement |
| C | List of Principals | G | Site Selection Addendum |
| D | ACH - Authorization Agreement | H | Lease Rider |

**Vicious Biscuit Franchising, LLC**
**Franchise Agreement**

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date that we have indicated on the signature page of this Agreement (the "**Effective Date**") by and between:

- Vicious Biscuit Franchising, LLC, a Florida limited liability company with its principal place of business at 786 Johnnie Dodds Boulevard, Suite D-1, Mount Pleasant, South Carolina 29464 ("**we**," "**us**," "**our**", or "**Franchisor**"); and

- _____a [resident of] [corporation organized in] [limited liability company organized in] and having offices at _____ _____("**you**" or the "**Franchisee**").

*Introduction*

*We own a format and system relating to the establishment and operation of "Vicious Biscuit" businesses providing a distinctive menu of chef-inspired, craft-food driven, fork-and-knife biscuit dishes, brunch plates, healthy alternatives, and a selection of craft cocktails and non-alcoholic drinks as well as approved merchandise (each a "**Restaurant**" or a "**Vicious Biscuit Restaurant**").*

*Among the distinguishing characteristics of a Vicious Biscuit Restaurant are that it operates under our "*Vicious Biscuit" *System. Our System includes (among other things): a "True Southern Dining Experience" featuring chef-inspired, craft-food driven, fork-and-knife biscuit dishes, brunch plates, healthy alternatives, and a selection of craft cocktails and non-alcoholic drinks, and related approved merchandise, other related products, and approved merchandise ("**Products**"); confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; brand presentation to consumers (including music playlists), procedures for management; software; training and assistance; and advertising and promotional programs (together, the "**System**").*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the mark "VICIOUS BISCUIT" and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of Products and Services marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.*

*We are in the business of developing programming and awarding franchise rights to third party franchisees, such as you. You will be in the business of operating a Vicious Biscuit Restaurant, using the same brand and Proprietary Marks as other independent businesses that operate other Vicious Biscuit Restaurants under the System. We will not operate your Vicious Biscuit Restaurant for you, although we have (and will continue) to set standards for Vicious Biscuit Restaurants that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your Vicious Biscuit Restaurant to our brand standards.*

*You have asked to enter into the business of operating a Vicious Biscuit Restaurant under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity*

*of operating the business franchised under this Agreement in conformity with our standards and specifications.*

*In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:*

## 1 GRANT

1.1 *Rights and Obligations*. We grant you the right, and you accept the obligation, all under the terms (and subject to the conditions) of this Agreement:

1.1.1 To operate one Vicious Biscuit Restaurant under the System (the **Franchised Business**");

1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 To do all of those things only at the Accepted Location (as defined in Section 1.2 below).

1.2 *Accepted Location*. The street address of the location for the Franchised Business approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the "**Accepted Location**."

1.2.1 When this Agreement is signed, if you have not yet obtained (and we have not yet approved in writing) a location for the Franchised Business, then:

1.2.1.1 you agree to enter into the site selection addendum (the "**Site Selection Addendum**," attached as Exhibit G to this Agreement) at the same time as you sign this Agreement;

1.2.1.2 you will then find a site which will become the Accepted Location after we have given you our written approval for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property, all subject to our prior written approval and in accordance with the Site Selection Addendum; and

1.2.1.3 you agree to use a third party location data service that we designate (if we designate one).

1.2.2 We have the right to grant or withhold approval of the Accepted Location under this Section 1.2. You understand, acknowledge, and agree that our review and approval of your proposed location, under this Section 1.2 or pursuant to the Site Selection Addendum, does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Accepted Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).

1.2.3 You agree not to relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into

consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new Vicious Biscuit Restaurant to their establishment. If you wish to relocate, then you must pay us a relocation fee equal to fifty-percent of our then-current initial franchise fee and you also must reimburse us (in advance) for the costs and expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in connection with reviewing, approving, and documenting your relocation of the Franchised Business to a new site (the "**Relocation Expenses**"). The parties will reconcile their payments within thirty (30) days after you have reopened your Restaurant based on a statement of our actual Relocation Expenses, at which time: (a) we will refund to you the unused balance of the funds that you have advanced as compared to our Relocation Expenses; or (b) you will remit to us the additional amount necessary to fully reimburse us for our Relocation Expenses.

1.3 *Protected Area*. During the term of this Agreement, we will not operate, nor will we grant to any other party the right to operate, a Vicious Biscuit Restaurant within the area that is specified as your "**Protected Area**," in the Data Addendum (Exhibit A), subject to the limitations in Sections 1.4 to 1.6 below.

1.4 *Our Reserved Rights*. We and our affiliates reserve all rights that are not expressly granted to you under this Agreement. Therefore, among other things, we have the sole right to do any or all of the following (despite proximity to your Protected Area and/or Franchised Business as well as any actual or threatened impact on sales at your Franchised Business):

1.4.1 We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses also offer or sell products and services that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located;

1.4.2 We have the right to establish, and license others to establish, Vicious Biscuit Restaurants at any Non-Traditional Facility or Captive Market Location (as defined below) inside or outside the Protected Area;

1.4.3 We have the right to establish, and franchise others to establish, Vicious Biscuit Restaurants anywhere outside the Protected Area;

1.4.4 We have the right to conduct catering and delivery service, as noted in Section 1.5.3.3 below;

1.4.5 We have the right to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Vicious Biscuit Restaurant inside the Protected Area);

1.4.6 We have the right to market and sell our Products and Services in grocery stores and other retailers, and anywhere else, but not from another Vicious Biscuit Restaurant operating in the Protected Area; and

1.4.7 We have the right to sell Products and Services using the Proprietary Marks or otherwise, through any method other that is not a Vicious Biscuit Restaurant (including alternative distribution channels such as e-commerce), anywhere.

1.4.8 Definitions.

1.4.8.1 The term "**Captive Market Location**" is agreed to include, among other things, non-foodservice businesses of any sort within which a Vicious Biscuit Restaurant or a branded facility is established and operated (including, for example, hotels and resorts).

1.4.8.2 The term "**Non-Traditional Facility**" includes, among other things, college campuses, schools, casinos, airports and other travel facilities; federal, state, or local government facilities (including military bases); theme and amusement parks; recreational facilities; seasonal facilities; shopping malls; hospitals; theaters; and sporting event arenas and centers.

1.5 *Limits on Where You May Operate*.

1.5.1 You may offer and sell the Products and Services only: (a) in accordance with the requirements of this Agreement and the procedures set out in the Brand Standards Manual (defined below); and (b) to customers of the Franchised Business.

1.5.2 You agree not to offer or sell any products or services (including the Products and Services) through any means other than through the Franchised Business at the Accepted Location (so for example, you agree not to offer or sell services or products from satellite locations, temporary locations, mobile vehicles or formats, carts or kiosks, by use of catalogs, the Internet, through other businesses, and/or through any other electronic or print media).

1.5.3 You agree that you will offer and sell Products from the Accepted Location only to retail customers:

1.5.3.1 Face to face, for consumption on the Restaurant premises;

1.5.3.2 Face to face, for personal carry-out consumption; and/or

1.5.3.3 For catering service provided at customers' homes, offices, and other locations ("**Catering**"), and for delivery service through the use of an approved local third-party provider of delivery services ("**Delivery**"), and you agree that:

(a) all Catering and Delivery activities shall be subject in all respects to this Agreement and must be conducted in accordance with the terms and conditions stated in this Agreement and the standards that we set in the Brand Standards Manual (as defined in Sections 3.4 and 10 below); and

(b) we have the right to revoke our approval of Catering and/or Delivery at any time/

1.5.4 You further understand that we will not prohibit other Restaurants or any other restaurant or food service business (whether owned or franchised by us or by our affiliates) from delivering food to customers at any location, whether inside or outside of the Protected Area.

1.6 You understand that we may operate (or be affiliated with other companies that operate) businesses under brand names (whether as company-owned concepts, as a franchisor, and

as a franchisee) in addition to the "Vicious Biscuit" brand, and also that we may acquire other brands (or be acquired by a company that operates other brands) (collectively, "**Other Brands**"). You understand and agree that this Agreement does not grant you any rights with respect to any such Other Brands and that the restrictions we have agreed to in Section 1.3 above do not apply to any Other Brands.

## 2 TERM AND RENEWAL

2.1 *Term*. The term of this Agreement shall start on the Effective Date and shall expire at the earlier of: (a) ten (10) years after the date on which the Franchised Business first opens to retail customers; and (b) eleven (11) years from the Effective Date.

2.2 *Renewal*. You will have the right to renew your rights to operate the Franchise Business for two (2) additional successor terms of five (5) years each so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.10 before each such renewal:

2.2.1 You agree to give us written notice of your choice to renew at least six (6) months before the end of the term of this Agreement (but not more than one (1) year before the term expires).

2.2.2 You agree to remodel and refurbish the Franchised Business to comply with our then-current standards in effect for new Vicious Biscuit Restaurants (as well as the provisions of Sections 8.9 and 8.10 below).

2.2.3 At the time of renewal: (a) you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates); and (b) in our reasonable judgment, you must have been in material compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the Marketing Fund, and/or the Regional Fund, as well as your vendors, throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).

2.2.5 During the then-expiring term of this Agreement (and/or a renewal agreement), you must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which will not supersede this Section 2), and which you acknowledge and agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee and marketing contribution). If you are an entity, then your direct and indirect owners must also sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term "**entity**" includes a corporation, limited liability company, partnership, and a limited liability partnership.)

2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee equal to the lesser of Seventeen Thousand, Five Hundred Dollars ($17,500) or fifty percent (50%) of our then-current initial franchise fee for new "Vicious Biscuit" franchises.

2.2.7 You agree to sign and deliver to us a renewal agreement that includes a mutual general release, in a form that we will provide (which will include limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, members, managers, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

2.2.8 You and your personnel must meet our then-current qualification and training requirements.

2.2.9 You agree to present to us satisfactory evidence that you have the right to remain in possession of the Accepted Location for the entire renewal term of this Agreement.

2.2.10 You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.

## 3 OUR DUTIES

3.1 *Training*. We will provide you with the training specified in Section 6 below.

3.2 *Standard Layout and Equipping of a Vicious Biscuit Restaurant*. We will make available, at no charge to you, our standard layout, design and image specifications for a Vicious Biscuit Restaurant, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We have the right to modify our standard layout plans and specifications as we deem appropriate periodically (however, once we have provided those plans and specifications to you, we will not further modify the layout plans and specifications for the initial construction of your Restaurant). We will also provide the site selection and lease review assistance called for under Section 5.3 below.

3.3 *Opening and Additional Assistance*. We will provide a representative to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Brand Standards Manual (defined below).

3.4 *Brand Standards Manual*. We will lend to you one (1) copy of (or provide you with access to), during the term of this Agreement, our confidential brand manuals and other written instructions relating to the operation of a Vicious Biscuit Restaurant (the "**Brand Standards Manual**"), in the manner and as described in Section 10 below.

3.5 *Marketing Materials*. We will assist you in developing the Grand Opening Program (defined below). We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.

3.6 *Marketing Funds*. We will administer the Marketing Fund (as defined in Section 13 below) in the manner set forth in Section 13 below.

3.7 *Inspection Before Opening*. We will evaluate the Franchised Business before it first opens for business. You agree not to open the Franchised Business or otherwise start operations until you have received our prior written approval to do so.

3.8 *Periodic Assistance*. We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as an

operations manager or Franchise Field Consultant, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations.

3.9 *Services Performed*. You acknowledge and agree that any of our designees, employees, agents, or independent contractors (such as an "area developer") may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

3.10 *Our Decision-Making*. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (c) to test market various items in some or all parts of the System; (d) to introduce new proprietary items and non-proprietary items or operational equipment; and/or (e) to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.

3.11 *Confirmation of Performance*. After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the "**Confirmation of Performance**"), in a form we reasonably request, (which may include confirming all listed pre-opening tasks on an online portal such as "FranConnect" or another platform) confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to execute and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) day period, provide us with written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you agree to execute and deliver the Confirmation of Performance to us. You agree to do so even if we performed such obligations after the time performance was due under this Agreement. The term "pre-opening obligations" means the obligations we have to you under this Agreement that must be performed before your open your Restaurant.

## 4 FEES; SALES REPORTING

4.1 *Initial Franchise Fee and Development Services Fee*. You agree to pay us: (a) an initial franchise fee of Forty Thousand Dollars ($40,000) for your first Restaurant; and (b) a development services fee of Five Thousand Dollars ($5,000) (the "**Development Services Fee**"). If this franchise is for your second or additional Restaurant, then we will discount the initial franchise fee by Five Thousand Dollars ($5,000). The Initial Franchise Fee and Development Services Fee is due and payable to us on the day that you sign this Agreement. The Initial Franchise Fee and Development Services Fee are not refundable and are payable in consideration of the services that we will provide to you after you sign this Agreement (however, if you have made a bona fide effort to secure financing, established in writing and agreed to by us, but you are unable to do so within one hundred and eighty (180) days of the Effective Date, then we will refund the Initial Franchise Fee and the Development Services Fee, less Fifteen Thousand Dollars ($15,000) five days

after the execution of a termination agreement and mutual release in the form that we provide among you, your owners, and us).

4.2 *Royalty Fee and Sales Reports*. For each Week during the term of this Agreement, you agree to (a) pay us a continuing royalty fee in the amount equal to five percent (5%) of the Net Sales (as defined below) of the Franchised Business ("**Royalty Fees**") (subject to Section 4.2.2 below); and (b) report to us, in the form and manner that we specify, your Net Sales (a "**Sales Report**") at the time specified in Section 4.3 below. As used in this Agreement:

4.2.1 the term "**Week**" means a calendar week starting each Monday (as soon as you open for business that day) and ending the next Sunday (at the close of business, which may be on Monday after midnight if the business day that started earlier on Sunday comes to a close after midnight) (except as indicated in the Manual); and

4.2.2 the term "**Net Sales**" means all revenue from the sale of all Products and Services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Net Sales excludes: (a) any legitimate and reasonable discounts and/or refunds that you provide to customers; and (b) sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities.

4.3 *Due Date*. All payments required by Section 4.2 above and Section 13 below must be made by ACH (as specified below) (and, to the extent not made by ACH, you must pay and submit those funds so that we receive them, in our offices) by Tuesday of each Week, based on the Net Sales of the previous Week. In addition, you agree to all of the following:

4.3.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request. You agree to also deliver the Sales Report to us at the same time as your Royalty payments are due.

4.3.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH - Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form that we deem to be periodically needed to implement this Section 4.3.2), and you agree to: (a) comply with the payment and reporting procedures that we may specify in the Brand Standards Manual or otherwise in writing; and (b) maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due. Accordingly: (a) you agree to maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement; and (b) if you do not do so, then you agree to reimburse us for the bank fees (if any) that we incur as well as a reasonable additional administrative fee that we will have the right to impose.

4.3.3 You acknowledge and agree that your obligations to make full and timely payment of Royalty Fees and Marketing Contributions (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due when you are open and in operation.

4.3.4 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, the Marketing Fund, the Regional Fund, affiliates, suppliers, or others.

4.3.5 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Week(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the royalties on that amount (whether by check or by our deduction of that amount from your direct debit account).

4.3.6 You agree that you will not, whether on grounds of alleged non-performance by us or others, withhold payment of any fee, including Royalty Fees or Marketing Contributions, nor withhold or delay submission of any reports due under this Agreement.

4.4 *No Subordination*. You agree: (a) not to subordinate to any other obligation your obligation to pay us the royalty fee and/or any other amount payable to us, whether under this Agreement or otherwise; and (b) that any such subordination commitment that you may give without our prior written consent will be null and void.

4.5 *Late Payment*. If we do not receive any payment due under this Agreement (and if the appropriate marketing fund does not receive payment due) on or before the due date, then that amount will be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum (but if there is a legal maximum interest rate that applies to you in your jurisdiction, then not more than that maximum rate). Our right to collect such interest will be in addition to any other remedies we may have. Any report that we do not receive on or before the due date will also be deemed overdue.

4.6 *Other Funds Due*. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.

4.7 *Index*. We have the right to adjust, for inflation, the fixed-dollar amounts under this Agreement (except for the Initial Franchise Fee and the Development Services Fee) to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

## 5 FRANCHISED BUSINESS LOCATION, CONSTRUCTION AND RENOVATION

5.1 *Opening Deadline.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Business. You agree to establish the Franchised Business and have it open

and in operation within twelve (12) months after the Effective Date of this Agreement. **Time is of the essence.**

5.2 *Site for the Restaurant*. As provided in Section 1.2 above, if you do have (and we have not approved in writing) a location for the Restaurant as of the Effective Date, then you must find and obtain the right to occupy (by lease, sublease, or acquisition of the property) premises that we find acceptable to serve as your Restaurant, all in accordance with the Site Selection Addendum.

5.3 *Our Review and Your Responsibilities*. Any reviews that we conduct of the proposed site, lease, and other details concerning your site are for our benefit only. In addition:

5.3.1 You acknowledge and agree that our review and even our approval of a site, lease, sublease, design plans or renovation plans for the Restaurant does not constitute a recommendation, endorsement, or guarantee of the suitability of that location or the terms of the lease, or sublease, or purchase agreement.

5.3.2 You agree to take all steps necessary to determine for yourself whether a particular location and the terms of any lease, sublease, and/or purchase agreement for the site are beneficial and acceptable to you (including retaining your own legal counsel to review the lease). Additionally, no matter to what extent (if any) that we participate in any lease or purchase negotiations, discussions with the landlords or property owners, and/or otherwise in connection with reviewing the lease or purchase agreement, you have to make the final decision as to whether or not the proposed contract is sensible for your business, and the final decision as to whether or not to sign the lease or purchase agreement is yours, and we will not be responsible for the terms and conditions of your lease or purchase agreement.

5.3.3 You acknowledge and agree that: (a) any standard layout and equipment plans that we provide to you, as well as any review and comments that we provide to the plans that you develop for your Restaurant, are not meant to address the requirements of any Operating Codes (as defined in Section 8.7 below); (b) our standard plans or comments to your modified plans, will not reflect the requirements of, nor may they be used for, construction drawings or other documentation that you will need in order to obtain permits or authorization to build a specific Restaurant; (c) you will be solely responsible to comply with all local laws, requirements, architectural needs, and similar design and construction obligations associated with the site, at your expense; and (d) our review, comment, and approval of your plans will be limited to reviewing those plans to assess compliance with our standards (including issues such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the purpose, atmosphere, and functioning of Vicious Biscuit Restaurants).

5.3.4 We will not review nor may our approval be deemed to address whether or not you have complied with any of the Operating Codes, including provisions of the Americans with Disabilities Act (the "**ADA**"); and you acknowledge and agree that compliance with such laws is and will be your sole responsibility.

5.4 *Lease Review.* You agree to provide us with a copy of the proposed lease, sublease, or purchase agreement for the Accepted Location, and you agree not to enter into that lease, sublease, or purchase agreement until you have received our written approval. We have the right to condition our approval of the lease, sublease, or purchase agreement upon the inclusion of terms that we find acceptable and that are consistent with our rights and your

responsibilities under this Agreement, including, that you and the landlord execute a Lease Rider in the form attached to this Agreement as Exhibit H. You also agree to provide us with a copy of the fully signed lease, including a signed lease rider, before you begin construction or renovations as the Accepted Location.

5.5 *Preparing the Site.* You agree that promptly after obtaining possession of the Accepted Location, you will do all of the following things:

5.5.1 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;

5.5.2 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Brand Standards Manual or otherwise);

5.5.3 complete the construction and/or remodeling as described in Section 5.6 below, and installation of all equipment, fixtures, furniture and signs and decorating of the Franchised Business in full and strict compliance with plans and specifications for the Franchised Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;

5.5.4 obtain all customary contractors' partial and final waivers of lien for construction, remodeling, decorating and installation services; and

5.5.5 purchase an opening inventory of Products and other materials and supplies.

5.6 *Construction or Renovation*. In connection with any construction or renovation of the Franchised Business (and before you start any such construction or renovation) you agree to comply, at your expense, with all of the following requirements, which you agree to satisfy to our reasonable satisfaction:

5.6.1 You agree to employ a qualified, licensed architect or engineer who we have approved to prepare, for our approval, preliminary architectural drawings and equipment layout and specifications for site improvement and construction of the Franchised Business based upon standard layout, design and image specifications we will furnish in the Brand Standards Manual (depending on whether, for example, your Franchised Business will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). The materials that you submit to us must include a description of any modifications to our specifications (including requirements for dimensions, interior and exterior design and layout, equipment, fixtures, furnishings, signs, and decorating materials) required for the development of a Franchised Business. Our approval will be limited to conformance with our standard image specifications and layout, and will not relate to your obligations with respect to any applicable Operating Codes, including the ADA. After we have responded to your preliminary plans and you have obtained any permits and certifications, you agree to submit to us, for our prior written approval, final architectural drawings, plans and specifications. We will not unreasonably withhold our approval of your adapted plans, provided that such plans and specifications conform to our criteria. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent.

5.6.2 You agree to comply with all Operating Codes, including the applicable provisions of the ADA regarding the construction and design of the Franchised Business. Additionally, before opening the Franchised Business, and after any renovation, you

agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Business and any proposed renovations comply with the ADA.

5.6.3 You are solely responsible for obtaining (and maintaining) all permits and certifications (including, zoning permits, licenses, construction, building, utility, health, sign permits and licenses) which may be required by state or local laws, ordinances, or regulations (or that may be necessary or advisable due to any restrictive covenants relating to your location) for the lawful construction and operation of the Franchised Business. You must certify in writing to us that all such permits and certifications have been obtained.

5.6.4 You agree to employ an approved qualified licensed general contractor to construct the Franchised Business and to complete all improvements.

5.6.5 You agree to obtain (and maintain) during the entire period of construction the insurance required under Section 15 below; and you agree to deliver to us such proof of such insurance as we may reasonably require.

5.7 *Pre-Opening*. In order to open for business, you must meet all of the pre-opening requirements specified in this Agreement, the Brand Standards Manual, and/or that we may otherwise specify in writing.

5.8 *Reporting Development Costs*. Within ninety (90) days after the Franchised Business first opens for business, you agree to give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we may reasonably find acceptable or that we may otherwise require.

## 6 OPERATING OWNER, PERSONNEL, AND TRAINING

6.1 *Operating Owner and Management*.

6.1.1 If you are an entity, you must have an individual owner who will serve as your "**Operating Owner**" and who will assume full-time responsibility for the daily supervision and operation of the Franchised Business (except as provided in Section 6.1.3 below).

6.1.2 You must also engage a person to serve as your operating manager (the "**Operating Manager**").

6.1.3 You will have the option for your Operating Owner not to assume full-time responsibility for the daily supervision and operation of the Franchised Business, and, if you choose this option, then you must also engage a general manager (the "**General Manager**") to work with your Operating Manager. You must notify us in writing if you elect this option.

6.1.4 The Operating Owner, Operating Manager, and General Manager (and any replacements for those individuals) must have qualifications reasonably acceptable to us to serve in those capacities, and must complete our training program to our satisfaction (as described below). Your Operating Owner must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit B.

6.1.5 The Franchised Business must at all times (before and after the new store opening period) be under the active full-time management of the Operating Owner, Operating Manager, and/or Operating Manager (who must have successfully completed our initial training program to our satisfaction. "Active full-time management" is agreed to mean at least forty (40) hours per week, on-premises, engaged in managing the Franchised Business.

6.1.6 The term "**Specially Trained Management Personnel**" is agreed to mean the Operating Owner, Operating Manager, Operating Manager, and any other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such person will perform in operating the Franchised Business.

6.2 *Initial Management Training*.

6.2.1 The Specially Trained Management Personnel must attend and successfully complete, to our satisfaction, the brand management training program that we offer at our headquarters or another location that we specify.

6.2.2 You may send up to four (4) individuals (including the Specially Trained Management Personnel) to the initial training program.

6.3 *Additional Obligations and Terms Regarding Training*.

6.3.1 If for any reason your Operating Owner and/or Operating Manager cease active management or employment at the Franchised Business, or if we revoke the certification of your Operating Owner or your Operating Manager to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within thirty (30) days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction as soon as it is practical to do so. We will provide replacement training for up to three (3) individuals during any three-year period, and for the fourth (4th) and each additional individual to attend replacement training pursuant to this Section 6.3.1, you agree to pay us a discounted training fee in the amount of Two Thousand Dollars ($2,000) for each individual to be trained, with payment to be made in full before training starts.

6.3.2 We may require that you and your Specially Trained Management Employees attend such refresher courses, seminars, and other training programs as we may reasonably require periodically.

6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the Products and Services that each will assist in providing to customers of the Restaurant.

6.3.4 All of your trainees must sign and deliver to us a personal covenant of confidentiality in substantially the form of Exhibit F to this Agreement.

6.3.5 Training Costs and Expenses.

6.3.5.1 We will bear the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2 and 6.5 of this Agreement.

6.3.5.2 You agree to bear all expenses incurred in connection with any training, including the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees.

6.3.5.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.

6.3.5.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our System or in similar businesses.

6.4 *Additional On-Site Training*. You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses. Additionally, if you do not pass one or more mystery shopper visits and/or inspections, then we have the right to determine that you are not operating your Restaurant in accordance with our brand standards, and we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.

6.5 *Conventions and Meetings*. You agree to attend the conventions and meetings that we may periodically require and to pay a reasonable fee (if we charge a fee) for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well). You will also be responsible for all of the other costs of attendance, including travel, room and board, and your employees' wages, benefits and other expenses. If you do not attend the convention, we have the right to charge (and you agree to promptly pay) a non-attendance fee in the amount of Two Thousand Five Hundred Dollars ($2,500).

6.6 *H.R. Services.* You agree to engage the services of a competent full-service human relations (HR) professional to obtain training and ongoing guidance on HR and personnel matters (which may include your own HR lawyer and/or a third party service provider (including as a payroll processing company (for example, ADP or Paychex) and/or a professional employer organization (PEO), subject to our right to approve such service providers under Section 7 below).

## 7 PURCHASING AND SUPPLY OF PRODUCTS AND SERVICES

7.1 *Products*. You agree to buy all Products, ingredients, equipment, furniture, supplies, paper products, t-shirts, (and other apparel), materials (such as packaging), and all other products and services used (or offered for sale) at the Restaurant only from suppliers as to whom we have given you our prior written approval (and whom we have not subsequently disapproved). In this regard, the parties further agree:

7.1.1 In determining whether we will approve any particular supplier, we will consider various factors, including: **(a) whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; (b) whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; (c) whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and/or (d) wheth**er the supplier will sign a

confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, recipes, and/or formulae).

7.1.2 For the purpose of this Agreement, the term "**supplier**" includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. You acknowledge and agree that: (a) we have the right to appoint only one supplier for any particular Product or item (which may be us or one of our affiliates);and (b) we do not and cannot guarantee that any vendor (including us or one of our affiliates) will extend credit to you with respect to the purchase terms.

7.1.3 You agree to offer and sell only Products and Services at the Franchised Business. You may not offer or sell anything at the Franchised Business that is not a Service or a Product.

7.1.4 If you want to buy any Products or any item from an unapproved supplier (except for proprietary items, which are addressed in Section 7.2 below), then you must first submit a written request to us asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available our standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.

7.1.5 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Vicious Biscuit Restaurants with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Vicious Biscuit Restaurants, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Products and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Vicious Biscuit Restaurants. We have the right to approve or disapprove of the suppliers who may be permitted to sell Products to you. Any of our affiliates that sell products to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell products to you, or to withhold certain discounts which might otherwise be available to you.

7.1.6 You acknowledge and agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of Products and other goods and services.

These Allowances include those based on purchases of Products, other products, paper goods, ink, and other items (such as packaging). You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.

7.1.7 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.

7.2 *Proprietary Items*. You acknowledge and agree that: (**a**) we have the right to require that certain items that you offer at the Franchised Business must be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that such items are our proprietary products; and (b) we have the right to require that you purchase and offer branded non-proprietary private-label products at your Restaurant. In order to maintain the high standards of quality and uniformity associated with proprietary items, and other Products and packaging bearing the Proprietary Marks, you agree to purchase those proprietary items and Products, as well as any packaging bearing the Proprietary Marks (and any other products we may now or in the future designate), only from us, our affiliates, and/or our approved suppliers, and not to offer or sell any other such products at or from the Franchised Business. We have the right to determine whether any particular item will be a "Proprietary Item."

7.3 *Use of the Marks*. You must require all marketing materials, signs, decorations, paper goods (including and all forms and stationery used in the Franchised Business), and other items which we may designate to bear the Proprietary Marks in the form, color, location, and manner we prescribe (and subject to our prior written approval, for example as provided in Section 13.9 below).

7.4 *Manufacturing*. You agree that you will not produce or otherwise manufacture any items in the Franchised Business, except for products that we have otherwise authorized and approved for production in the Manual or otherwise in writing.

7.5 *Wholesaling*. You agree not to sell products to any party that you know or have reason to believe is purchasing those items for resale.

## 8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

8.1 *Importance of Following Standards*. You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other "Vicious Biscuit" franchisees and licensees in order to develop and maintain brand and operating standards, to provide superior customer service to customers and participants, to increase the demand for the Products and Services sold, by all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.

8.2 *Opening*. In connection with the opening of the Franchised Business:

8.2.1 You agree to conduct, at your expense, such promotional and marketing activities as we may require.

8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above. Subject to availability and scheduling, we will send a representative to attend the opening; and you agree not to open the Franchised Business without our representative present. If we cannot provide our representative on the date that you propose to first open the Franchised Business for business, then you must reschedule such opening to a date on which our representative can be in attendance; provided, that we will not unreasonably delay opening of the Franchised Business due to these considerations.

8.2.3 You will not open the Franchised Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including to materials, quality of work, signage, decor, paint, and equipment, and we have given you our prior written approval to open, which we will not unreasonably withhold.

8.2.4 You agree not to open the Franchised Business until the Specially Trained Management Employees have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business's customers.

8.2.5 In addition, you agree not to open the Franchised Business until the Initial Franchise Fee, the Development Services Fee, and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.

8.3 *Staffing*.

8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to promptly service customers and to comply with staffing and service criteria, which may include without limitation specified positions that we may designate from time to time as necessary or appropriate for providing quality member experience according to our standards. We will provide our requirements for service/function positions that we may establish from time to time and which will be set forth in our Brand Standards Manual.

8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well.

8.3.3 You must ensure that your employees comply with such dress code and other brand standards as we may reasonably require, which may include use of branded (or other "**uniform**") apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Brand Standards Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you (and you must ensure that your employees) comply with personal appearance standards (including dress code, footwear, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

8.3.4 You agree to develop, cultivate, and at all times maintain a cooperative, cordial, and respectful work environment for your staff and among all of the owners of the Franchised Business.

8.3.5 Notwithstanding this Section 8.3 and anything else in this Agreement, you will always be the only party that determines the terms and conditions of employment of your staff,

and any comments, suggestions, or other advice that we provide shall neither limit nor impose any requirement on you as to your decisions involving the terms and conditions of employment of your staff (you are, however, required to comply with all applicable laws).

8.4 *Operate According to Our Standards.* To insure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Brand Standards Manual or otherwise in writing. In this regard, you agree to do all of the following:

8.4.1 You agree to maintain in sufficient supply, and to use at all times only the items, products, equipment, services, materials, and supplies that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.

8.4.2 You agree: **(a)** to sell or offer for sale only those Services, items, and Products using the standards and techniques that we have approved in writing for you to offer and use at your Franchised Business; (b) to sell or offer for sale all Services, items, and Products using the standards and techniques that we specify in writing; (c) not to deviate from our standards and specifications; (d) to stop using and offering for use any Services or Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and (e) that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.

8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the Products, equipment and to remove samples of items or Products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the Products, equipment, or 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 we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.

8.4.4 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify, and to periodically make upgrades and other changes to such items at your expense as we may reasonably request in writing. Without limiting the above, you acknowledge and agree that changes in our System standard may require you to purchase new and/or additional equipment for use in the Franchised Business.

8.4.5 You agree not to install or permit to be installed on or about the premises of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, machines, décor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.

8.4.6 You agree to immediately notify us in writing if you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein.

8.4.7 You agree to purchase or lease, and use, the music system and playlist that we require, and pay fees to the licensing organization associated with playing that music.

8.5 *Use of the Premises.* You may only use the Accepted Location for the purpose of operating the Franchised Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Accepted Location.

8.6 *Hours and Days of Operation.* You agree to keep the Franchised Business open and in normal operation for such hours and days as we may periodically specify in the Brand Standards Manual or as we may otherwise approve in writing.

8.7 *Health Standards and Operating Codes*. You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. The term "**Operating Codes**" means applicable federal, state, and local laws, codes, ordinances, and/or regulations that apply to the Services, Products, construction and design of the Restaurant and other aspects of operating the Franchised Business, including the ADA.

8.7.1 You agree to send us, within two (2) days of your receipt, 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 Business.

8.7.2 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business or provision of the Services you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business.

8.7.3 You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.

8.8 *Your Franchised Business:*

8.8.1 *Franchised Business Condition, Maintenance.* You agree that at all times, you will maintain the Franchised Business in a high degree of sanitation, repair, and condition. In addition, you agree to make such repairs and replacements to the Restaurant as may be required for that purpose (but no others without our prior written consent), including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require. You also agree to obtain maintenance services from qualified vendors for any printing or related equipment as we may specify and maintain those service agreements at all times. Your maintenance and upkeep obligations under this Section 8.8,1 are separate from those with respect to periodic upgrades that we may require regarding fixtures, furnishings, equipment, decor, and signs, and Section 8.8.2 below with respect to Major Remodeling.

8.8.2 *Major Remodeling*. In addition to the maintenance and upkeep obligations requirements under Section 8.8.1 above, you agree to refurbish the Franchised Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Vicious Biscuit Restaurants, including remodeling, redecoration, and modifications to

existing improvements, all of which we may require in writing (collectively, "**Major Remodeling**"). In this regard, the parties agree that:

8.8.2.1 You will not have to conduct a Major Remodeling more than once every ten (10) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Major Remodeling more often if a Major Remodeling is required as a pre-condition to renewal (as described in Section 2.2.2 above); and

8.8.2.2 You will have one (1) year after you receive our written notice within which to complete a Major Remodeling.

8.9 *Use of the Marks*. You agree that you will abide by all of our instructions and requirements regarding any marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos (including our requirements as to the form, color, location, and manner for making use of those marks).

8.10 *If You Are an Entity:*

8.10.1 *Corporation*. If you are a corporation, then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; (c) not issue any additional shares (whether voting securities or securities convertible into voting securities); and (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.10.2 *Partnership/LLP*. If you are a general partnership, a limited partnership, or a limited liability partnership (LLP), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all of your general and limited partners; and (d) consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.10.3 *LLC*. If you are a limited liability company (LLC), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and (d) maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.10.4 *Trust*. If you are a trust, then you agree to: (a) confine your commercial activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your trust agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all of your trustees and beneficiaries; and (d) consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any trustee's rights and/or obligations, and against any beneficiary's interest, without our prior written approval.

8.10.5 *Guarantees*. You agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each current and future direct and indirect: (a) shareholder of a corporate Franchisee; (b) member of a limited liability company Franchisee; (c) partner of a partnership Franchisee; and/or (d) partner of a limited liability partnership Franchisee.

8.11 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a "mystery shopper," "customer survey," and/or similar quality-control and evaluation programs with respect to Vicious Biscuit Restaurants. You agree to participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: (a) immediately implement any remedial actions we require; and (b) reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses).

8.12 *Prices*. We may periodically provide suggested retail pricing, however (subject to the text below), you will always have the right to set your own prices. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Products and Services offered and sold at the Restaurant under this Agreement. You will have the right to set the prices that you will charge to your customers; provided, however, that (subject to applicable law): (a) if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and (b) if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.

8.13 *Environmental Matters*. We are committed to working to attain optimal performance of Vicious Biscuit Restaurants with respect to environmental, sustainability, and energy performance. Both parties recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Brand Standards Manual, and you agree to abide by those standards.

8.14 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Vicious Biscuit Restaurants. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or

contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, techniques, and/or products without making payment to you. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

8.15 *Suspending Operation*. You agree to immediately suspend operation of (and close) the Franchised Business and promptly notify us in writing if: (a) any equipment used, or products or services sold, at the Franchised Business deviate from our standards; (b) any equipment used, or products or services sold, at the Franchised Business fail to comply with applicable laws or regulations; and/or (c) you fail to maintain the equipment, Franchised Business premises, personnel, or operation of the Franchised Business in accordance with any applicable law or regulations. In the event of such closing, you agree to immediately notify us, in writing, and also remedy the unsafe or other condition or other violation of the applicable law or regulation. You agree not to reopen the Franchised Business until after we have inspected the Franchised Business premises, and we have determined that you have corrected the condition and that all equipment used, or products or services sold, at the Franchised Business comply with our standards. This Section 8.15 does not limit or restrict our rights under this Agreement.

## 9 PROPRIETARY MARKS

9.1 *Our Representations*. We represent to you that we own (and/or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks, and that we have taken (and will take) all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement*. With respect to your use of the Proprietary Marks, You agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name "*Vicious Biscuit*" without prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including 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 Business (visible to customers, visible only to your staff, and otherwise) or any Vehicle as we may designate in writing.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks: (a) as part of your corporate or other legal name; (b) as part of any e-mail address, domain name, social networking site page, or other identification of you in any electronic medium (except as otherwise provide in Section 14.11); and/or (c) in any human relations (HR) document or materials, including job applications, employment agreements, pay checks, pay stubs, and the like.

9.2.8 You agree to: (a) comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations; and (b) execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability, including any additional license agreements we may require for use of the Proprietary Marks on the Internet or in other marketing.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to 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 licensed under this Agreement. You agree to communicate only with us, our affiliates, our counsel, or your counsel regarding any such infringement or challenge. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 Defense and Costs:

(a) *If Marks Were Used in Accordance with this Agreement*: If you have used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof, and we agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things (except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement).

(b) *If Marks Were Used But Not in Accordance with this Agreement*: If you used the Proprietary Marks in any manner that was not in accordance with this Agreement (including our instructions), then we will still defend you, but at your expense, against such third party claims, suits, or demands (including all of the costs of defense as well as the cost of any judgment or settlement). You agree to reimburse us for the cost of such litigation (or, upon our written request, pay our legal fees directly), including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.

9.2.9.3 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's

opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements*. You expressly understand and acknowledge that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

9.3.3 Neither You nor any of Your owners, principals, or other persons acting on Your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will You, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given You our express prior written consent to do so).

9.3.4 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.

9.3.5 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 as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with Your use of our System or of our Proprietary Marks.

9.3.6 The license that we have granted to you under this Agreement to use our Proprietary Marks is not exclusive, and therefore we have the right, among other things:

9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Products and Services;

9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to you and other licensees; and

9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.

9.4 *Change to Marks*. We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Proprietary Marks will be beneficial to the System. In such circumstances, your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

## 10 CONFIDENTIAL BRAND STANDARDS MANUAL

10.1 *You Agree to Abide by the Brand Standards Manual*. In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Brand Standards Manual. We will lend to you (or permit you to have access to) one (1)

copy of our Brand Standards Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.

10.2 *Format of the Brand Standards Manual*. We will have the right to provide the Brand Standards Manual in any one or more format that we determine is appropriate (including paper and/or by making some or all of the Brand Standards Manual available to you only in electronic form, such as through an internet website or an Online Portal), and we may change how we provide the Brand Standards Manual from time to time. If at any time we choose to provide some or all of the Brand Standards Manual electronically, you agree to immediately return to us any and all physical copies of the portions of the Brand Standards Manual that we have previously provided to you.

10.3 *We Own the Brand Standards Manual*. The Brand Standards Manual will at all times remain our sole property and you agree to promptly return the Brand Standards Manual when this Agreement expires or if it is terminated.

10.4 *Confidentiality and Use of the Brand Standards Manual*.

10.4.1 The Brand Standards Manual contains our proprietary information and you agree to keep the Brand Standards Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the Brand Standards Manual will be available at the Franchised Business premises in a current and up-to-date manner. Whenever the Brand Standards Manual is not in use by authorized personnel, you agree to maintain secure access to the Brand Standards Manual at the premises of the Franchised Business, and you agree to grant only authorized personnel (as defined in the Brand Standards Manual) with access to the security protocols for the Brand Standards Manual.

10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication of the Brand Standards Manual in whole or in part.

10.5 *You Agree to Treat Brand Standards Manual as Confidential*. You agree that at all times, you will treat the Brand Standards Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.6 *Which Copy of the Brand Standards Manual Controls*. You agree to keep your copy of the Brand Standards Manual only at the Franchised Business (and as provided in Section 10.4 above) and also to ensure that the Brand Standards Manual are kept current and up to date. You also agree that if there is any dispute as to the contents of the Brand Standards Manual, the terms of the master copy of the Brand Standards Manual that we maintain in our home office will be controlling. Access to any electronic version of the Brand Standards Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

10.7 *Revisions to the Brand Standards Manual*. We have the right to revise the contents of the Brand Standards Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Brand Standards Manual and to comply with each new or changed standard.

10.8 *Modifications to the System*. You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at the time when you and we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

## 11 CONFIDENTIAL INFORMATION

11.1 *Confidentiality*.

11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.

11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants must be on a form that we provide, which form will, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, equipment, printing and digital document management methods, operating techniques, marketing methods, processes, vendor information, results of operations and quality control information, financial information, demographic and trade area information, prospective site locations, market penetration techniques, plans, or schedules, the Brand Standards Manual, customer profiles, preferences, or statistics, itemized costs, franchisee composition, territories, and development plans, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made before or at the time any Confidential Information is disclosed to you.

11.2 *Consequences of Breach*. You acknowledge and agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related

expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

## 12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records and Sales Reports*.

12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

12.1.2 With respect to the Franchised Business, you agree to maintain for at least seven (7) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Brand Standards Manual or otherwise in writing, including: (a) daily cash reports; (b) cash receipts journal and general ledger; (c) cash disbursements and weekly payroll journal and schedule; (d) monthly bank statements, daily deposit slips and cancelled checks; (e) all tax returns; (f) supplier's invoices (paid and unpaid); (g) dated daily and weekly cash register journals and POS reports in accordance with our standards; (h) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; (i) operational schedules and weekly inventory records; (j) records of promotion and coupon redemption; and (k) such other records that we may periodically and reasonably request. You agree to allow us access to review such records as specified below in Section 12.6.

12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We also have the right to require you to use only an approved bookkeeping service and/or an approved independent certified public accountant. You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.

12.1.4 Each Week, you agree to submit to us, in the form we specify and/or utilizing our Required Software, as that term is defined in Section 14.1.2 below), a sales report for the immediately preceding Week. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise) for our receipt no later than the times required under Section 4.3 above. You agree that if do not submit those reports to us in a timely manner, we will have the right to charge you for the costs that we incur in auditing your records.

12.2 *Financial Statements*.

12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared on a review basis by an independent certified public accountant (as to whom we do not have a reasonable objection) within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial statement must be prepared according to

generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

12.2.2 In addition, each month during the term of this Agreement after the opening of the Franchised Business, you agree to submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): (a) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchised Business; (b) reports of those income and expense items of the Franchised Business that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business); and (c) copies of all state sales tax returns for the Franchised Business. You agree to provide to us the materials required by Section 12.2.2(a) and 12.2.2(b) above by the tenth (10th) day of each month for the preceding month, and the materials required by Section 12.2.2(c) within ten (10) days after you have filed those returns with the appropriate taxing authorities.

12.2.3 Monthly, or otherwise upon our request, you agree to take a physical inventory of the stock at your Restaurant to calculate cost of goods sold and provide us with a written report on the results of that inventory.

12.2.4 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2.

12.2.5 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your computer system in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.

12.3 *Additional Information*. You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate (but not including consumers' credit and debit card information), in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Brand Standards Manual or otherwise in writing, including: (a) information in electronic format; (b) restated in accordance with our financial reporting periods; (c) consistent with our then-current financial reporting periods and accounting practices and standards; and/or (d) as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.

12.4 *PCI Compliance and Credit Cards*. With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for

electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”).

12.4.2 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.3 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.4.4 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer’s use of a credit card (we may set these requirements in the Brand Standards Manual).

12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.

12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.

12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.5 *Gift Cards and Incentive Programs*. You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile payment and/or customer affinity applications); and you agree to do all of those things in compliance with our standards and procedures for such programs. For this purpose, you must purchase the software, hardware, and other items needed to sell and process gift cards and loyalty program, and to contact with the supplier of gift cards and gift card processing services, as we may specify in writing in the Brand Manuals or otherwise. You must also pay such monthly and per-swipe transaction fees as may be required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing. You agree to not participate in any loyalty or incentives programs, beyond our required program, unless otherwise approved in writing.

12.6 *Our Right to Inspect Your Books and Records*. We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by law, if any such maximum rate

applies). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your royalties), by two percent (2%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

12.7 *Operational Inspections*. In addition to the provisions of Section 12.6 above, you also grant to us and our agents the right to enter upon the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Brand Standards Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree to pay us our then-current per diem fee for our representative(s) and to reimburse us for our reasonable travel expenses if additional inspections at the Franchised Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records upon reasonable request that is permitted under this Agreement.

## 13 MARKETING

13.1 *Marketing Contribution*.

13.1.1 For each Week during the term of this Agreement, you agree to contribute or spend an amount equal to one percent (1%) of your Franchised Business' Net Sales during the preceding Week (the "**Marketing Contribution**"), allocated as provided in Section 13.1.2 below and subject to the following. We have the right to increase the Marketing Contribution to be in an amount up to a total of four percent (4%) of your Franchised Business' Net Sales (that is, an additional 300 basis points) (but we will not increase the Marketing Contribution by more than 0.5% of Net Sales (50 basis points) every six (6) months). You agree to pay the Marketing Contribution in the manner and at the times required under Section 4.4 above (and as otherwise provided in this Section 13). In addition to the Marketing Contribution, you agree to spend at least Twenty Thousand Dollars ($20,000) to conduct the Grand Opening Program described in Section 13.5 below.

13.1.2 We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: (a) our System-wide marketing and promotional fund (the "**Marketing Fund**"), if established as noted below; (b) any Regional Fund established for your area, as provided in Section 13.3 below (but we are not required to establish a Regional Fund for your area); and (c) to be spent by you on local marketing and promotion.

13.1.3 We currently allocate the Marketing Contribution (as a percentage of Net Sales):

| | |
|---|---|
| 1.0% | To be contributed to the Marketing Fund; and |
| 1.0% | The minimum amount you must spend on local marketing and promotion, as noted in Section 13.4 below and/or on a Regional Fund as noted in Section 13.3 below. |

13.1.4 We have the right to periodically make changes to the allocation of the Marketing Contribution (and, as noted above, to increase the Marketing Contribution up to a total of four percent (4%) of Net Sales) by giving you written notice of the change, and those changes will take effect at the end of that month.

13.1.5 No part of the Marketing Contribution shall be subject to refund or repayment under any circumstances.

13.2 *Marketing Fund*. We have the right (but not the obligation) to establish, maintain, and administer the Marketing Fund. If we establish a Marketing Fund, then the following provisions will apply to that Marketing Fund:

13.2.1 We (or our designee) will have the right to direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System; and that we and our designee are not obligated, in administering the Marketing Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

13.2.2 The Marketing Fund, all contributions to that fund, and any of that fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, among other things, the costs of preparing and conducting marketing and media advertising campaigns on radio, television, cable, and other media; direct mail advertising; developing and implementing website, technology support programs, design assets, printing costs, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist therein; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for Vicious Biscuit Restaurants and their competitors; paying association dues (including the International Franchise Association), covering the expenses of establishing and maintaining a franchisee advisory board; establishing third-party facilities for customizing local advertising; purchasing and installing

signage; and providing promotional and other marketing materials and services to the Vicious Biscuit Restaurants operated under the System).

13.2.3 You agree to contribute the portion of the Marketing Contribution allocated to the Marketing Fund in the manner specified in Section 4.3 above. The Marketing Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. All sums you pay to the Marketing Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Marketing Fund and marketing programs for franchisees and the System. The Marketing Fund and its earnings will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the Marketing Fund. We will not use the Marketing Fund for marketing that is primarily a solicitation for new franchisees.

13.2.4 The Marketing Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Marketing Fund as shown on our books.

13.2.5 Although once established the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been expended for marketing purposes.

13.3 *Regional Fund*. We have the right (but not the obligation) to designate any geographical area for purposes of establishing a Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located has been established at the time you commence operations under this Agreement, then you must immediately become a member of such Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you must become a member of such Regional Fund within thirty (30) days after the date on which the Regional Fund commences operation. In no event will you be required to join more than one Regional Fund. The following provisions will apply to each such Regional Fund:

13.3.1 Each Regional Fund will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing. We have the right to review, approve, and change the Regional Fund bylaws.

13.3.2 Each Regional Fund will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in regional marketing.

13.3.3 No marketing, advertising or promotional plans or materials may be used by a Regional Fund or furnished to its members without our prior approval, pursuant to the procedures and terms as set forth in Section 13.9 below.

13.3.4 Once you become a member of a Regional Fund, you must contribute to a Regional Fund pursuant to the allocation that we specify in Section 13.1.2 above, at the time required under Section 4.3 above, together with such statements or reports that we, or the Regional Fund (with our prior written approval) may require. We also have the

right to require that you submit your Regional Marketing Fund contributions and reports directly to us for distribution to the Regional Marketing Fund.

13.3.5 Voting will be on the basis of one vote per Vicious Biscuit Restaurant, and any Vicious Biscuit Restaurants that we (or our affiliates) operate in the region will have the same voting rights as those owned by our franchisees. Each franchised Restaurant in the Regional Fund shall also have one vote (no matter how many people own the franchisee).

13.3.6 A majority of the Vicious Biscuit Restaurant owners in the Regional Fund may vote to increase the amount of each Vicious Biscuit Restaurant owner's contribution to the Regional Fund by up to an additional two percentage points (2%) (200 basis points) of each Vicious Biscuit Restaurant's Net Sales. You must contribute to the Regional Fund in accordance with any such vote by the Regional Fund to increase each Vicious Biscuit Restaurant's contribution as provided in this section.

13.3.7 Although once established, each Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.

13.4 *Local Marketing and Promotion*. You must spend such amounts on local marketing and promotion as we specify in Sections 13.1.3 and 13.1.4 above on a continuous basis (weekly if not otherwise as agreed with us in writing). You must provide us with the details, receipts, proof, and records that we request to demonstrate that you have complied with these requirements. As used in this Agreement, the term "local marketing and promotion" will consist only of the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), the value of discounts provided to consumers (however, the aggregate value of discounts that qualify as "local marketing and promotion" may not exceed 1.5% of Net Sales on an annual basis; the value of any discounts that exceed this threshold will not be considered "local marketing and promotion"); and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that local marketing may not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:

13.4.1 Salaries and expenses of your employees (unless the employee(s) is employed in a role singularly focused on marketing across multiple locations), including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons (however, you may also include within local marketing and promotion food giveaways, but only the wholesale cost plus direct labor associated with the food giveaways);

13.4.2 Charitable, political, or other contributions or donations; and/or

13.4.3 The value of discounts provided to consumers.

13.5 *Grand Opening Program*. In addition to the Marketing Contribution, you agree to spend a minimum of Twenty Thousand Dollars ($20,000) for initial marketing and promotional programs in conjunction with the Franchised Business's soft opening and grand opening, pursuant to an initial marketing plan that you develop and that we approve in writing (the "**Grand Opening Program**"). The Grand Opening Program must begin sixty (60) days before

the scheduled commencement date for the Franchised Business and be completed no later than ninety (90) days after the Franchised Business commences operation, and is subject to the provisions of Section 13.8 below. For the purpose of this Agreement, the Grand Opening Program will be considered local marketing and promotion, as provided under Section 13.4 above (but the expenditure will be in addition to local marketing and promotion). We reserve the right to: (a) require you to deposit some or all of the funds required under this Section 13.5 with us, for us to distribute as may be necessary in order to conduct the Grand Opening Program (some of which may be paid to us for services rendered) (and as may be specified in Exhibit A to this Agreement); and/or (b) promptly reimburse us if we deem it necessary to fulfill your Grand Opening Program Obligations on your behalf.

13.6 *Materials Available for Purchase*. We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

13.7 *Standards*. All of your local marketing and promotion must: (a) be in the media, and of the type and format that we may approve; (b) be conducted in a dignified manner; and (c) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.8 below.

13.8 *Our Review and Right to Approve All Proposed Marketing*. For all proposed advertising, marketing, and promotional plans, you (or the Regional Fund, where applicable) must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you (or the Regional Fund) have not received our written approval within fourteen (14) days after we have received those proposed samples or materials, then we will be deemed to have disapproved of them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.

13.9 *Rebates*. You acknowledge and agree that periodic rebates, giveaways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, giveaways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.10 *Considerations as to Charitable Efforts*. You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity. You also agree to participate in reasonable charitable campaigns that we

require, whether local to your area or elsewhere, for benevolent and/or brand enhancement purposes.

13.11 *Additional Marketing Expenditure Encouraged*. You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

## 14 TECHNOLOGY

14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Vicious Biscuit Restaurants, and in accordance with our standards, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Vicious Biscuit Restaurants, between or among Vicious Biscuit Restaurants, and between and among the Franchised Business, and you, and us; (b) point-of-sale (POS) (defined in Section 14.6 below); (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) internet access mode (e.g., form of telecommunications connection) and speed; (g) technology used to enhance and evaluate the customer experience; (h) digital and virtual menu boards and related technology, hardware, software, and firmware; (i) front-of-the-house WiFi and other connectivity service for customers; (j) cloud-based back-end management systems and storage sites; (k) third party ordering systems (including gift card, loyalty, online ordering, and tablet/kiosk ordering system); and (l) in-Restaurant music systems under Section 8.4.7 above (collectively, all of the above are referred to as the "**Computer System**").

14.1.2 We will have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which you must install and maintain; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install and maintain; (c) the media upon which you must record data; and (d) the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so. The term "Required Software" also includes the affinity program cards that is required under Section 12.5 above.

14.1.3 You agree to install, use, maintain, update, and replace (as needed) the Computer System and Required Software at your expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.

14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.6 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

14.1.7 Each month, you agree to pay us a technology fee in our then current amount (presently, $175 a week, which we have the right to periodically increase as circumstances warrant by giving you one months' prior written notice of that change). You may also be charged fees by tech vendors that provide products and/or services to you, and you agree to pay those charges in the ordinary course of business.

14.2 *Data*.

14.2.1 You agree that all data that you collect, create, provide, or otherwise develop on your Computer System (whether or not uploaded to our system from your system and/or downloaded from your system to our system) is and will be owned exclusively by us (excluding consumers' credit and debit card information), and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement (excluding consumers' credit and debit card information).

14.2.3 In order to operate your Franchised Business under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.

14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, any transfer of an interest in you, and/or a transfer of the Franchised Business (excluding consumers' credit and debit card information).

14.3 *Data Requirements and Usage*. We may periodically specify in the Brand Standards Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:

14.3.1 You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

14.3.2 You agree to comply with our standards and policies that we may issue (without any obligation to do so) pertaining to the privacy of consumer, employee, and transactional information. If there is a conflict between our standards and policies and Privacy Laws,

you agree to: (a) comply with the requirements of Privacy Laws; (b) immediately give us written notice of such conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply any standards and policies that we may issue (without obligation to do so) in this regard.

14.4 *Online Portal*. You agree to comply with our requirements (as set forth in the Brand Standards Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Online Portal and/or such other computer systems as we may reasonably require. The term "**Online Portal**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Online Portal (but are not required to do so or to maintain an Online Portal). If we establish an Online Portal, then you agree to comply with our requirements (as set out in the Brand Standards Manual or otherwise in writing) with respect to connecting to the Online Portal, and utilizing the Online Portal in connection with the operation of your Franchised Business. The Online Portal may include, without limitation, the Brand Standards Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Online Portal. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Online Portal.

14.5 *No Separate Digital Sites*. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term "**Digital Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, YouTube, TikTok, Snapchat, Pinterest, Instagram, etc.), the chat, blogs, vlogs, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply:

14.5.1 You agree that you will not establish or use any Digital Site without our prior written approval.

14.5.2 Any Digital Site that you own or that is maintained by or for your benefit will be deemed "marketing" under this Agreement, and will be subject to (among other things) our right of review and prior approval under Section 13.9 above.

14.5.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content

(including proposed screen shots, links, and other content), and non-visible content (including meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.

14.5.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.

14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Brand Standards Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site).

14.5.6 If we require, you agree to establish such hyperlinks to our Digital Site and others as we may request in writing.

14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to our Digital Site to reflect information regarding specials and other promotions at your Franchised Business.

14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise. We also have the right (but not the obligation) to direct and implement your marketing programs (at your expense) if you do not do so on a timely basis.

14.6 *POS Systems*. You agree to record all sales on integrated computer-based point of sale systems we approve or on such other types of cash registers and other devices (such as iPads, touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) that we may designate in the Brand Standards Manual or otherwise in writing ("**POS Systems**"), which will be deemed part of your Computer System. You agree to utilize POS Systems that are fully compatible with any program, software program, and/or system which we, in our discretion, may employ (including mobile or remote device, application and payment systems), and you agree to record all Net Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you agree to enter into and maintain such agreements (including making such payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Computer System. You agree to at all times maintain a continuous high-speed Ethernet-cabled (not wireless) connection to the Internet to send and receive POS data to us.

14.7 *E-Mail*. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: (a) the content of such electronic advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any applicable laws pertaining to sending electronic communication including the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act. (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, app- and/or internet-based communication, and faxes.)

14.8 *Outsourcing*. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent. You also agree not to implement, use, or otherwise engage with AI Sources without our prior written consent. The term "**AI Source**" means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.

14.9 *Telephone Service*. You agree to use the telephone service for the Restaurant that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for your Franchised Business.

14.10 *Changes*. You acknowledge and agree that changes to technology are dynamic and likely during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards as if this Section 14 were periodically revised by us for that purpose, and you also agree to pay vendors' charges for those new items and services.

14.11 *Electronic Communication – Including E-Mail, Texts, and other Messaging*. You acknowledge and agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.

14.11.1 In order to implement the terms of this Section 14.11, you agree that: (a) Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; (b) you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and (c) you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as "john.jones@ViciousBiscuit.com") (the "**Permitted E-mail Address**") in connection with the operation of the Franchised Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Franchised Business.

## 15 INSURANCE

15.1 *Required Insurance Coverage*. Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. Such policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-, VII" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees periodically in the Brand Standards Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), all of the following minimum coverages (all subject to the additional requirements of this Section 15):

15.1.1 Commercial General Liability Insurance (to be Primary Non-Contributory in favor of the Franchisor) including product, contractual, and owned and non-owned vehicle liability coverages) in minimum amounts of $1 million per occurrence and $2 million general aggregate;

15.1.2 "All Risk" property damage insurance (including fire, wind/hail and if applicable flood and earthquake), as well as business interruption insurance;

15.1.3 Business interruption insurance;

15.1.4 Liquor liability insurance with limits of liability not less than $1 million;

15.1.5 Employer's liability, workers' compensation, and such statutory insurance as may be required in the state in which the Restaurant is located;

15.1.6 Employment practices liability insurance (EPLI) with limits of liability not less than $50,000;

15.1.7 Commercial umbrella/excess liability insurance with limits of liability not less than $2 million.

15.1.8 Any other insurance coverage that is required by federal, state, or municipal law.

15.1.9 Any other insurance coverage that is required by federal, state, or municipal law (subject to Section 15.2 below).

15.2 *Additional Terms Applicable to All Policies.* In addition to the other provisions of this Section 15 (above and those below), you agree that:

15.2.1 All policies listed in Section 15.1 above (unless otherwise noted below): must: (a) contain such endorsements as we will periodically specify in the Brand Manual; and (b) be primary and noncontributory.

15.2.2 A waiver of subrogation must be provided in favor of Vicious Biscuit Franchising, LLC on all policies.

15.2.3 All general liability, auto liability policies, and property damage policies must: (a) list as additional insureds, us (Vicious Biscuit Franchising, LLC) and any entity in which we have an interest and any entity affiliated with us, and each of those parties' respective members, managers, shareholders, directors, officers, partners, joint venturers, employees, servants, and agents, and their successors and assigns; (b) that the liability coverage is primary non-contributory, in favor of Vicious Biscuit Franchising, LLC; and (c) contain a provision that we, although named as an additional insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees. including as additional insureds. In addition, the general liability insurance shall include the form an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us).

15.2.4 You agree to provide us with thirty (30) days' advance written notice In the event of cancellation, material change, or non-renewal of any policy, in the manner provided in Section 24 below.

15.3 *Construction Coverages*. In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term of this Agreement, you agree to require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractors' and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Brand Standards Manual, all written by insurance or bonding companies that we have approved, having a rating as set forth in Section 15.1 above.

15.4 *Other Insurance Does Not Impact your Obligation*. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other Vicious Biscuit Restaurants that you (and/or your affiliates) operate under the System.

15.5 *Certificates of Insurance*. At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper paid coverage with limits equal to at least the minimums required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days'

prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that any interest of same therein will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

15.6 *Proof of Coverage*. In addition to your obligations under Section 15.7 above, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required at said time, in such form as we may reasonably require.

15.7 *Required Coverages are Minimums*. You acknowledge and agree that the specifications and coverage requirements in this Section 15 are minimums only, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.

15.8 *Changes*. We will have the right, periodically, to make such changes in minimum policy limits and endorsements as we may determine are necessary or appropriate.

15.9 *Obtaining Coverage*. If you fail to maintain or acquire insurance, we will have the right (but not the obligation) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our reasonable expenses, and you agree to pay those invoices within five (5) days after we send them to you.

## 16 TRANSFER OF INTEREST

16.1 *By Us*. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals*. If you are an entity, then each party that directly or indirectly holds any interest whatsoever in you (each, a "**Principal**"), and the interest that each Principal directly or indirectly holds in you, is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, or their respective interests in you, to change without complying with this Agreement.

16.3 *Principals*. We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be amended automatically upon written notice to you.

16.4 *By You*. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.

16.4.1.1 As used in this Agreement, the term "**transfer**" is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in:

(a) this Agreement; (b) you; (c) any or all of your rights and/or obligations under this Agreement; and/or (d) all or substantially all of the assets of the Franchised Business.

16.4.1.2 Any purported assignment or transfer that does not have our prior written consent as required by this Section 16 will be null and void and will also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

16.4.2 If you are an entity (other than a partnership or a limited liability partnership), then you agree that: (a) without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and (b) the recipient of any such security or other interest will become a Principal under this Agreement if we designate them as such.

16.4.3 If you are a general partnership, limited partnership, or limited liability partnership, then the partners of that partnership will not, without our prior written consent, admit additional limited or general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.

16.4.4 Principals must not, without our prior written consent, transfer, pledge, and/or otherwise encumber their interest in you. Any such transaction shall also be deemed a "transfer" under this Agreement.

16.4.5 You also agree that in the case of any proposed transfer, you authorize us truthfully answer questions posed to us by the proposed transferee, including providing that party with information relating to your Restaurant (such as sales reports) (although we will have the right not to provide any or all such information).

16.5 *Transfer Conditions*. We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules.

16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.

16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character,

business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.

16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including a higher royalty and marketing fee.

16.5.5 If we request, then you must conduct Major Remodeling and purchase new equipment to conform to the then-current standards and specifications of new Vicious Biscuit Restaurants then-being established in the System, and you agree to complete the upgrading and other requirements specified above in Section 8.8.2 within the time period that we specify.

16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).

16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.

16.5.8 A Principal of the transferee whom we designate to be a new Operating Owner, and those of the transferee's Specially Trained Management Employees as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).

16.5.9 If the proposed transfer involves the transfer of a non-controlling ownership interest in you, the transfer fee will be One Thousand Five Hundred Dollars ($1,500).

16.5.10 If the proposed transfer involves the franchise rights granted under this Agreement or a controlling ownership interest in you (or in an entity owning a controlling interest in you), then the transfer fee will be in an amount equal to: (i) fifty-percent (50%) of our then-current initial franchise fee if the proposed transferee is an existing Vicious Biscuit Restaurant franchisee, an entity that is legally affiliated with an existing Vicious Biscuit Restaurant franchisee, or an owner of an existing Vicious Biscuit Restaurant franchisee; (ii) seventy-five percent (75%) of our then-current initial franchise fee if the transferee is not an existing Vicious Biscuit Restaurant franchisee, not legally affiliated with an existing Vicious Biscuit Restaurant franchisee, or not an owner of an existing Vicious Biscuit Restaurant franchisee; and (iii) one-hundred percent (100%) of our then-current initial franchise fee if a franchise broker that we retained was involved in the transfer process and a broker commission is payable If any party has engaged a broker with respect to the transfer, you must also pay (or ensure the buyer's payment of) any applicable commission to the broker in connection with the transfer. (If we or

any of our affiliates were the party to introduce you to a buyer, then you agree to also pay us a fee of three percent (3%) of the total price paid to you under the Transaction.)

16.5.11 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3, 19.4 and 19.5 below.

16.6 *Right of First Refusal*. If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:

16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us with the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.

16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination, which determination will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.

16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.

16.7 *Death or Incapacity*. If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting your proposed transaction, including our attorneys' fees.

16.7.1 In addition, if the deceased or incapacitated person is the Operating Owner, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days; or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.

16.8 *Consent to Transfer*. Our consent to a transfer that is the subject of this Section 16 will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Restaurant*. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business at the Accepted Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

16.10 *Bankruptcy Issues*. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers*. All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: (a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (b) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Franchisor Parties (as defined in Section 21.5.2 below) in connection with the offering.

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Ten Thousand Dollars ($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.

16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16 (including Sections 16.4, 16.5, 16.6 above); and, without limiting the foregoing, it is also agreed that any such offering will be subject to our prior written approval as to the structure and voting control of the offeror (and you if you are not the offeror) after the financing is completed.

16.11.5 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

## 17 DEFAULT AND TERMINATION

17.1 *Automatic*. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: (a) if you will become insolvent or makes a general assignment for the benefit of creditors; (b) if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; (c) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (d) if proceedings for a composition with creditors under any state or federal law is instituted by or against you; (e) if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); (f) if you are dissolved; or if execution is levied against your business or property; (g) if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or (h) if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 *With Notice.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):

17.2.1 If you do not obtain an Accepted Location for the Franchised Business within the time limits specified under the Site Selection Addendum, or if you do not construct and open the Franchised Business within the time limits specified in Sections 5.1 and 8.2 above (and within the requirements specified in Sections 5 and 8.2 above);

17.2.2 If at any time: (a) you cease to operate or otherwise abandon the Franchised Business for two (2) or more consecutive business days and/or two (2) or more business days within any week (during which you are otherwise required to be open, and without our prior written consent otherwise, unless necessary due to an event of force majeure as

defined in Section 22 below); (b) you lose the right to possession of the premises; (c) forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the premises, which approval we will not unreasonably withhold, subject to Section 1.2.3 above);

17.2.3 If you or any of your Principals are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;

17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;

17.2.6 If you fail to comply with the requirements of Section 19 below;

17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Brand Standards Manual or other confidential information that we provide to you;

17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Sections 16.7 above;

17.2.9 If you knowingly maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;

17.2.10 If you commit three (3) or more defaults under this Agreement in any fifty-two (52) week period, whether or not each such default has been cured after notice;

17.2.11 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any Products from an unapproved supplier, or sell any products or services from the Restaurant that are not Products or Services, as prohibited under Sections 7.1 and 8.4 above;

17.2.12 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; and/or

17.2.13 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure*.

17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by: (a) immediately initiating a remedy to cure such default; (b) curing the default to our satisfaction; and (c) promptly providing proof of the cure to us, all within the thirty (30) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require).

17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.

17.4 *Bankruptcy*. If, for any reason, this Agreement is not terminated pursuant to this Section 17, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (a) the name and address of the proposed assignee; and (b) all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of the Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment of the Agreement.

17.5 *Our Rights Instead of Termination*. If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement, including terminating, modifying, or eliminating completely, the Protected Area described in Section 1.3 above. If any rights, options, arrangements, or areas are terminated or modified in accordance with this section, that action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.6 *Damages*. You agree that you will pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

## 18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect:

18.1 *Cease Operation*. You agree to: (a) immediately and permanently stop operating the Franchised Business; and (b) never directly or indirectly represent to the public that you are a present or former franchisee of ours.

18.2 *Stop Using Marks and Intellectual Property*. You agree to immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including any confidential methods, procedures and techniques associated with the System, the mark "Vicious Biscuit" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.

18.3 *Cancel Assumed Names*. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Vicious Biscuit" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 *Premises*. We will have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Restaurant is operated and/or for the building in which the Restaurant is operated.

18.4.1 If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Vicious Biscuit Restaurants, and must make such specific additional changes to the premises as we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and must promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer same to us.

18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) will have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

18.5 *Our Option to Buy Your Assets*. We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory

related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that "cost" will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value is deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we will have the right to set off all amounts due from you.

18.6 *No Use of the Marks in Other Businesses*. You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.

18.7 *Pay All Sums Due*. You agree to promptly pay all sums owing to us and our affiliates (regardless of whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums will include all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

18.8 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.

18.9 *Return Confidential Information*. You agree to immediately return to us the Brand Standards Manual, the Program Materials, and all other manuals, records, and instructions containing confidential information (including any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.

18.10 *Right to Enter and Continue Operations*. In order to preserve the goodwill of the System following termination, we (or our designee) will have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose continuing the Franchised Business's operation and maintaining the goodwill of the business.

18.11 *Lost Future Royalties*. If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: **(a)** the average of your monthly Royalty Fees that are due under this Agreement for the twenty-four (24) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than twenty-four (24) months, the average of your monthly Royalty Fees for the number of months you have operated the Restaurant); **(b)** multiplied by the lesser of twenty-four (24) or the number of months remaining in the then-current term of this Agreement under Section 2 above.

18.12 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.

18.13 *Offsets*. We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

## 19 COVENANTS

19.1 *Full Time Efforts*. You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Operating Owner or one of your designated Specially Trained Management Personnel who will assume primary responsibility for the franchise operations and who we have previously approved in writing) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.

19.2 *Understandings*.

19.2.1 You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (b) the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and (e) restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term "**Competitive Business**" is agreed to mean any foodservice business as to which breakfast-like items served with and/or on biscuits comprise fifty percent (50%) or more of its offerings and/or gross revenues.

19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.1 Divert or attempt to divert any actual or potential business or customer of any Vicious Biscuit Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.3.2 Own, maintain, develop, operate, engage in, assist, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.4 *Where Restrictions Apply*. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only within the Protected Area, within three (3) miles of the Protected Area, and also within three (3) miles of any then-existing or planned Vicious Biscuit Restaurant business operated or planned elsewhere in the US. These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you (or your affiliates) pursuant to a valid franchise agreement with us or one of our affiliates.

19.5 *Post-Term*. You further covenant and agree that, for a continuous period of two (2) years after (a) the expiration of this Agreement; (b) the termination of this Agreement, and/or (c) a transfer as contemplated in Section 16 above:

19.5.1 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer the Accepted Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Accepted Location; and

19.5.2 You also agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Accepted Location, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at the Accepted Location for this two-year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.6 *Periods of Non-Compliance*. Any period of non-compliance with the requirements of this Section 19, whether such non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.

19.7 *Publicly-Held Entities*. Section 19.3.3 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "**publicly-held corporation**" will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

19.8 *Personal Covenants*. You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Specially Trained Management Employees and other managerial and/or executive staff, as well as your Principals. The covenants required by this section must be in the form provided in Exhibit F to this Agreement. If you do not obtain execution of the covenants required by this section and deliver to us those signed covenants, that failure will constitute a default under Section 17.2.6 above.

19.9 *Construction*. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

19.10 *Claims Not a Defense*. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

19.11 *Covenant as to Anti-Terrorism Laws*. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any

of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

19.12 *Defaults*. You acknowledge and agree that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

## 20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 *Payment of Taxes*. You agree to promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

20.2 *Payment of Trade Creditors*. You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.

20.3 *Your Right to Contest Liabilities*. If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

20.4 *Compliance with Law*. You agree to comply with all federal, state, and local laws, rules, and regulations, and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Brand Standards Manual, or our other instructions, you agree to: **(a)** comply with said laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

20.5 *Notice of Violations and Actions*. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

## 21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you are the only party that will be in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;

21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa

21.2 *Notice of Status*. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Accepted Location, the content of which we reserve the right to specify.

21.3 *No Contracts in our Name*. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification*.

21.4.1 You agree to indemnify, defend, and hold harmless each of the Indemnified Parties against any and all Expenses arising directly or indirectly from any Claim, as well as from any claimed breach by you of this Agreement. Your indemnity obligations shall: (a) survive the expiration or termination of this Agreement, and shall not be affected by any insurance coverage that you and/or any Indemnified Party may maintain; and (b) exclude any Claim and/or Expense that a court with competent jurisdiction determines was caused solely by an Indemnified Party's gross negligence and/or willful misconduct. Claims involving the Proprietary Marks shall be governed by Section 9.2.9.2 above.

21.4.2 *Procedure*. We will give you notice of any Claim and/or Expense for which the Indemnified Parties intend to seek indemnification; however, if we do not give that notice, it will not relieve you of any obligation (except to the extent of any actual prejudice to you). You will have the opportunity to assume the defense of the Claim, at your expense and through legal counsel reasonably acceptable to us, provided that in our judgment, you proceed in good faith, expeditiously, and diligently, and that the defense you undertake does not jeopardize any defenses of the Indemnified Parties. We shall have the right: (i) to participate in any defense that you undertake with counsel of our own choosing, at our expense; and (ii) to undertake, direct, and control the

defense and settlement of the Claim (at your expense) if in our sole judgment you fail to properly and competently assume defense of the Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between your interest and that of any Indemnified Party.

21.4.3 *Definitions*. As used in this Section 21.4, the parties agree that the following terms will have the following meanings:

21.4.3.1 "**Claim**" means any allegation, cause of action, and/or complaint asserted by a third party that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Restaurant, sale of Products or Services, events occurring at the Restaurant, data theft or other data-related event, claim brought by a prospective, current, or former employee and/or contractor of the Franchised Business, and/or any actual or perceived Operating Code violation) and/or any default by you under this Agreement (including all claims, demands, causes of action, suits, damages, settlement costs, liabilities, fines, penalties, assessments, judgments, losses, Expenses, and the consequences of any actual or perceived Operating Code violations).

21.4.3.2 "**Expenses**" includes fees for accountants, attorneys and their staff, arbitrators, and expert witnesses; costs of investigation and proof of facts; court costs; travel and living expenses; interest charges; and other costs and expenses associated with litigation, investigative hearings, or alternative dispute resolution, whether or not a proceeding is formally commenced.

21.4.3.3 "**Indemnified Parties**" means us and our shareholders, parents, subsidiaries, predecessors, and affiliates, and our/their respective officers, directors, members, managers, agents, and employees.

21.5 *Our Indemnification of You*. We will indemnify you with respect to the Proprietary Marks as specified in Section 9.2.9.2(a) above.

## 22 FORCE MAJEURE

22.1 *Impact*. Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** epidemics, pandemics, public health emergencies, strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business.

22.2 *Transmittal of Funds*. The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

## 23 APPROVALS AND WAIVERS

23.1 *Request for Approval*. Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.

23.2 *No Warranties or Guarantees*. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers*. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend the terms of this Agreement.

## 24 NOTICES

24.1 Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified U.S. mail, or by other means which affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. We have the right to require that all official notices (and/or at least copies of same) be sent via e-mail; and upon our request, you agree to provide a current e-mail address for official notices. Any notice by a means that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

24.2 The Brand Standards Manual, any changes that we make to the Brand Standards Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 24.

## 25 ENTIRE AGREEMENT AND AMENDMENT

25.1 *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: **(a)** they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and **(b)** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement is intended (nor may it be interpreted) as a disclaimer by us of any representation made in our Franchise Disclosure Document (“**FDD**”) (including the exhibits and any amendments to the FDD).

25.2 *Amendment*. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either

party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## 26 SEVERABILITY AND CONSTRUCTION

26.1 *Introductory Paragraphs*. The parties agree that the introductory paragraphs of this Agreement, under the heading "Introduction," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here in full.

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

26.3 *No Third Party Rights*. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.

26.4 *Captions Don't Amend Terms*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.

26.5 *Including*. The parties agree that when used in this Agreement, the terms "includes" and "including" means "*including but not limited to*".

26.6 *Interest*. The parties agree that when the term "interest" is used to indicate an ownership interest in another party, that term means all possible interests including direct, indirect, and beneficial interests.

26.7 *Survival*. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.

26.8 *How We Exercise Our Rights*. Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement.

26.9 *Expenses*. Each party will bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

26.10 *Counterparts*. This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic means, each such counterpart, when taken together with all other

identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

## 27 APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 *Choice of Law*. This Agreement takes effect when we accept and sign this document. This Agreement will be interpreted and construed exclusively under the laws of the State of South Carolina, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of South Carolina choice-of-law rules); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under South Carolina law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of South Carolina (or any other state) that would not otherwise apply without this Section 27.1.

27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over Mount Pleasant, South Carolina. Any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.

27.2.1 The parties agree that this Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.

27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

27.3 *Mediation*. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location nearest to our then-current principal place of business.

27.4 *Parties Rights Are Cumulative*. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

27.5 *Injunctions*. Nothing contained in this Agreement will bar our right to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.6 ***WAIVER OF JURY TRIALS*. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY**

**EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

27.7 ***MUST BRING CLAIMS WITHIN ONE YEAR*. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST THE OTHER (EXCLUDING CLAIMS SEEKING INDEMNIFICATION UNDER THIS AGREEMENT), SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED.**

27.8 ***WAIVER OF PUNITIVE DAMAGES*. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES IT HAS SUSTAINED (INCLUDING LOST FUTURE ROYALTIES).**

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: **(a)** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including Sections 9 and 17 above); and/or **(b)** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

## 28 ACKNOWLEDGMENTS

28.1 You acknowledge and agree to all of the following:

28.1.1 Attracting customers for your "Vicious Biscuit" Restaurant will require you to make consistent marketing efforts in your community, including through approved media and on-line advertising and social-media marketing and networking.

28.1.2 Retaining customers for your "Vicious Biscuit" Restaurant will require you to provide high-quality products and services and adhere strictly to our system and brand standards.

28.1.3 You are committed to maintaining our brand standards.

28.1.4 Our officers, directors, members, managers, employees, consultants, lawyers, and agents act only in a representative, and not in an individual, capacity when dealing with you, and their dealings with you as a result of this Agreement are considered to be only between you and us.

28.1.5 All application and qualification materials that you gave to us about you and your owners to acquire this franchise were accurate and complete.

28.1.6 This Agreement's terms and covenants are reasonably necessary for us to maintain our high product-quality and service standards (and the uniformity of those standards at each "Vicious Biscuit" Restaurant) and to protect and preserve the goodwill of the Proprietary Marks.

28.1.7 We make no commitment about the extent to which we and our affiliates will continue developing and expanding the "Vicious Biscuit" Restaurant network.

**The acknowledgments in Sections 28.1.8 through 28.1.16 below apply to all franchisees and franchises <u>but</u> <u>not</u> to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.**

28.1.8 You independently investigated the "Vicious Biscuit" Restaurant franchise opportunity and recognize that the nature of the Restaurant's business will evolve and change over time.

28.1.9 Investing in a "Vicious Biscuit" Restaurant involves business risks that could result in your losing a significant portion or all of your investment.

28.1.10 Your business abilities and efforts are vital to your success.

28.1.11 Other than disclosures appearing in our franchise disclosure document, if any, you have not received from us or our affiliates any representations or guarantees, express or implied, of a "Vicious Biscuit" Restaurant's potential volume, sales, income, or profits.

28.1.12 You independently evaluated this opportunity (including by using your business professionals and advisors) and relied upon those evaluations in deciding to sign this Agreement.

28.1.13 You had an opportunity to ask questions and to review materials of interest to you concerning the "Vicious Biscuit" Restaurant franchise opportunity.

28.1.14 You had an opportunity, and we encouraged you, to have an attorney or other professional advisor review this Agreement and all other materials we gave or made available to you.

28.1.15 You have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you will be solely responsible for your own success at the Accepted Location.

28.1.16 The success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We make no representations or warranties as to the potential success of the business venture contemplated under this Agreement.

28.2 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement;

**(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.

28.3 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Center, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.

28.4 *Different Franchise Offerings to Others.* We may modify the terms under which we offer franchises to other parties (which may differ from the terms, conditions, and obligations in this Agreement).

28.5 *Our Advice*. You agree that our advice is only that; and that you must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.

28.6 *Your Independence*. You acknowledge and agree that:

28.6.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

28.6.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

28.6.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

28.6.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and

28.6.5 you have made (and will remain always be responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

28.7 *Two or More Signatories*. If two or more persons are signing this Agreement in their individual capacities as the “Franchisee” (each, a "**Signatory**"), the parties agree that:

28.7.1 Each Signatory will have the power to individually bind “Franchisee” with respect to us and third parties;

28.7.2 We have the right to treat each Signatory as having the full authority to bind all other Signatories in any and all matters;

28.7.3 We have the right to treat each Signatory as if s/he represents and can act on behalf of all the other Signatory(ies) in all matters;

28.7.4 Even though there may be more than one Signatory, all of the Signatories' rights will be one and none of the Signatories will have the right to exercise any right independent of (and/or apart from) one another;

28.7.5 We have the right to communicate with or provide notice to any Signatory, and such communication or notice will be deemed as having been given to all Signatories; and

28.7.6 If there is a conflict among the Signatories (including us receiving conflicting information from or requests between the Signatories), we have the right to select from among any conflicting or inconsistent requests by, or information from, any of the Signatories, and our selection in such case will be final and dispositive with respect to any such conflict.

28.8 *General Release*. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Vicious Biscuit Restaurants and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party"). You agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.*

*****

**IN WITNESS WHEREOF**, the parties to this Agreement, intending to be legally bound by its terms, have duly signed and delivered this Agreement as of the Effective Date (noted below).

**Vicious Biscuit Franchising, LLC**
Franchisor

By:_____

Name:_____

Title:_____

Effective Date:_____

Address for Notices:

786 Johnnie Dodds Boulevard, Suite D-1
Mount Pleasant, South Carolina 29464
Tel: (843) 278-9010
E-mail: info@viciousbiscuitfranchise.com

_____
Franchisee

By:_____

Name:_____

Title:_____

Address for Notices:

_____

Attn:_____

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT
EXHIBIT A:
DATA ADDENDUM

| ¶ | Section Cross-Reference | Item |
|---|---|---|
| 1 | 1.2 | Subject to Section 1.2 of this Agreement, the Accepted Location under this Agreement will be:<br><br>_____<br><br>_____. |
| 3 | 1.3 | Subject to Section 1.3 of this Agreement, the Protected Area under this Agreement will be:<br><br>_____<br>_____<br><br>or …<br><br>a circle with a radius of _____ miles and its center at the front door of the Restaurant. |
| 4 | 13.5 | Subject to Section 13.5 of this Agreement, this is the amount that you must deposit with us in order to conduct the Grand Opening Program.<br><br>_____ |

Initials

_____ Franchisee

_____ Franchisor

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT
EXHIBIT B:
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Vicious Biscuit Franchising, LLC ("**Franchisor**") to sign the Vicious Biscuit Franchise Agreement between Franchisor and _____("**Franchisee**"), dated _____ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract (including another franchise agreement) with Franchisor and/or its affiliates.

- S/he waives any right to require Franchisor to: ***(a)*** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); ***(b)*** proceed against or exhaust any security from Franchisee; ***(c)*** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or ***(d)*** give notice of demand for payment by Franchisee.

- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.

- S/he agrees to be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: (a) this Guarantee does not grant them any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "Vicious Biscuit" marks) and/or the system licensed to Franchisee under the Agreement; (b) that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the

Agreement as if they were printed here; and (c) that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of South Carolina, and that in the event of any conflict of law, South Carolina law will prevail (without applying South Carolina conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

| | | |
|---|---|---|
| _____ | _____ | _____ |
| (in his/her personal capacity) | (in his/her personal capacity) | (in his/her personal capacity) |
| Printed Name:_____ | Printed Name:_____ | Printed Name:_____ |
| Date:_____ | Date:_____ | Date:_____ |
| Home Address: | Home Address: | Home Address: |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT
EXHIBIT C:
LIST OF PRINCIPALS

| **Name of Principal** | **Home Address** | **Percentage Interest Held in Franchisee** |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Initials

_____ _____

Franchisee Franchisor

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT

EXHIBIT D:
AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEBITS FOR ROYALTY, MARKETING CONTRIBUTION, AND OTHER FEES)

_____ (Name of Person or Legal Entity)

_____ (Tax ID Number (FEIN))

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes Vicious Biscuit Franchising, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

| | | | |
|---|---|---|---|
| _____ | _____ | | |
| Depository | Branch | | |
| _____ | _____ | _____ | |
| City | State | Zip Code | |
| _____ | _____ | | |
| Bank Transit/ABA Number | Account Number | | |

This authorization is to remain in full force and effect until sixty (60) days after we have received written notification from Franchisee of its termination.

Printed Name of Depositor: _____

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT
EXHIBIT E:
ADA CERTIFICATION

Vicious Biscuit Franchising, LLC ("**Franchisor**" or "**us**") and _____ ("**Franchisee**" or "**you**") are parties to a franchise agreement dated _____ (the "**Franchise Agreement**") for the operation of a Franchised Business at _____ (the "**Franchised Business**").

- In accordance with Section 5.6.2 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.

- You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business.

- You acknowledge that we have relied on the information contained in this certification.

- You agree to indemnify us and our officers, directors, members, managers, shareholders, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed:

_____
Franchisee:

By:_____

Printed Name:_____

Title:_____

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT
EXHIBIT F:
SAMPLE FORM OF NON-DISCLOSURE AGREEMENT

*(to be signed by franchisee with its staff)*

**THIS NON-DISCLOSURE AGREEMENT** ("Agreement") is made on _____ by and between _____ (the "**Franchisee**"), and _____, who is an employee of Franchisee (the "**Staff Member**").

Background:

A. Vicious Biscuit Franchising, LLC ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "Vicious Biscuit" businesses in structures that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Restaurant**").

B. Franchisor identifies "Vicious Biscuit" Restaurants by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "Vicious Biscuit") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a "Vicious Biscuit" Restaurant (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Staff Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

**IN CONSIDERATION** of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. During the time that the Staff Member is engaged by Franchisee, and after that engagement ends, the Staff Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Franchised Business that the Staff Member learns about during the Staff Member's engagement by Franchisee. Any and all information, knowledge, know-how, and techniques that Franchisee deems confidential will be deemed confidential for purposes of this Agreement.

2. Injunctive Relief. The Staff Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and the Staff Member agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

3. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any

reason, then the Staff Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or the Staff Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Staff Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

4. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

5. Third-Party Beneficiary. The Staff Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

6. Employer. The Staff Member acknowledges and agrees that: (a) the Franchisee is its employer; (b) Franchisor does not employ the Staff Member; (c) Franchisor is not a "joint employer" with the Franchisee; and (d) Franchisor has no role whatsoever in the Staff Member's employment or other similar relationship to the Franchisee.

**IN WITNESS WHEREOF**, the Franchisee and the Staff Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

| FRANCHISEE | STAFF MEMBER |
|---|---|
| _____ | _____ |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

VICIOUS BISCUIT FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT G:
SITE SELECTION ADDENDUM

Vicious Biscuit Franchising, LLC ("**Franchisor**" or "**us**" or "**we**") and _____ ("**Franchisee**" or "**you**") have as of _____ entered into a Vicious Biscuit Franchise Agreement ("**Franchise Agreement**") and wish to supplement its terms as set out below in this Site Selection Addendum (the "**Addendum**"). The parties agree as follows:

**AGREEMENT**

1. **Time to Locate Site**: Within one hundred and eighty (180) days after the date of this Addendum, you agree to acquire or lease/sublease, at your own expense, commercial real estate that is properly zoned for the use of the business that you will conduct under the Franchise Agreement (the "**Franchised Business**") at a site that we will have approved in writing as provided below.

a. Such location must be within the following area: _____

_____

(the "**Site Selection Area**").

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Franchised Business. The parties agree that: (i) the Site Selection Area is not the "Protected Area" under Section 1.3 of the Franchise Agreement; and (ii) the provisions of Section 1.3 of the Franchise Agreement will not apply to the Site Selection Area.

c. Until the end of the Search Period, and inside the Site Selection Area,) we will not establish, nor franchise another party to establish, a "Vicious Biscuit" business operating under the System.

d. For purposes of this Addendum, the term "**Search Period**" means the earlier of: (i) ninety (90) days from the Effective Date of the Franchise Agreement; or (ii) until we have approved a location for your Franchised Business. When the Search Period ends, the protections of paragraph 1.c above will automatically expire and you will have no further rights regarding the Site Selection Area.

e. If you do not acquire or lease a site (that we have accepted in writing) for the Franchised Business in accordance with this Addendum within one hundred and eighty (180) days from the date of this Addendum, that will constitute a default under Section 17.2 of the Franchise Agreement and also under this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 17.2 of the Franchise Agreement.

2. **Site Evaluation Services**: We will provide you with our site selection guidelines, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable. We may perform one (1) on-site evaluation as we may deem advisable in response to your requests for site approval without a separate charge. If we perform any additional on-site evaluations, you must reimburse, as applicable, us for all reasonable expenses that we incur in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals. We will not provide on site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as set forth in Section 3 below).

3. **Site Selection Package Submission and Approval**: You must submit to us, in the form that we specify: (a) a completed site approval form (in the form that we require); (b) such other information or materials that we may reasonably require; and (c) an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have thirty (30) days after receipt of all such information and materials from you to approve or disapprove the proposed site as the location for the Franchised Business. We have the right to approve or disapprove any such site to serve as the Accepted Location for the Franchised Business. If we do not approve a proposed site by giving you written notice within the 30-day period, then we will be deemed to have disapproved of the site.

4. **Lease Responsibilities**: After we have approved a site and before the expiration of the Search Period, you must execute a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the **Lease Rider** attached to the Franchise Agreement as Exhibit H. However, even if we examine the Lease, we are not responsible for review of the Lease for any terms other than those contained in the Lease Rider.

5. **Accepted Location**: After we have approved the location for the Franchised Business and you have leased or acquired that location, the location will constitute the **Accepted Location** described in Section 1.2 of the Franchise Agreement. The Accepted Location will be specified on Exhibit A to the Franchise Agreement, and will become a part the Franchise Agreement. The Protected Area, as defined under Section 1.3 of the Franchise Agreement, will be the geographic area thereafter described in Exhibit A to the Franchise Agreement, and will become a part of the Franchise Agreement.

a. You Franchisee hereby acknowledge and agree that our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You acknowledge and agree that your acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

6. **Construction**: This Addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined herein will have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

| | |
|---|---|
| **Vicious Biscuit Franchising, LLC**<br>Franchisor | _____<br>Franchisee |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

Vicious Biscuit Franchising, LLC
FRANCHISE AGREEMENT
EXHIBIT H:
LEASE RIDER

**THIS ADDENDUM** (the "**Addendum**") has been executed as of this ___ day of _____, 202___, by and between _____ ("**Franchisee**") and _____ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein ("**Lease**") dated as of _____, 202___ for the premises located at _____, in the State of _____ ("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with Vicious Biscuit Franchising, LLC ("**Franchisor**") for the development and operation of a "Vicious Biscuit" business at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

**NOW THEREFORE**, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord agrees to deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee. Franchisor agrees to deliver to Landlord a copy of any notice of termination under the Franchise Agreement. Franchisee hereby consents to that exchange of information by Landlord and Franchisor.

2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment will be effective unless and until: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Franchisor has notified the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

3. Franchisor will have the right, but not the obligation, to cure any breach of the Lease (within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default should Franchisee fail to do so) upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.

4. Franchisee and Landlord acknowledge and agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.

5. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, sublet and/or assign the Lease to another franchisee of Franchisor to operate a "Vicious Biscuit" business at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and has executed a franchise agreement with Franchisor. Landlord agrees to execute such further documentation to confirm its consent to an assignment permitted under this Addendum as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor will be released from any further liability under the terms and conditions of the Lease.

6. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a "Vicious Biscuit" business (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.

7. If Landlord is an affiliate or an Owner of Franchisee, Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "Vicious Biscuit" business is located.

8. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used herein will mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan and layout, furnishings, equipment, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, techniques, trade dress, "look and feel," design, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all such Confidential Information belongs exclusively to Franchisor.

9. Landlord agrees that: (a) Franchisor has granted to only one party, the Franchisee, the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "**Marks**") at the Premises under the terms of the Franchise Agreement; and (b) Franchisor has not granted any rights or privileges to use the Marks to Landlord.

10. Landlord and Franchisee agree that the premises will be used solely for the operation of a "Vicious Biscuit" business.

11. Landlord and Franchisee agree that any default under the lease will also constitute a default under the Franchise Agreement, and any default under the Franchise Agreement will also constitute a default under the lease.

12. Landlord and Franchisee agree that the terms in this Addendum will supersede any contrary terms in the Lease and that they will not later amend the lease in a manner that supersedes the terms in this Addendum.

13. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

14. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at _____ (attention _____), or to such other address as Franchisor may specify by giving written notice to Landlord.

WITNESS the execution hereof under seal.

| Landlord: | Franchisor* | Franchisee: |
|---|---|---|
| _____ | _____ | _____ |
| Date: | Date: | Date: |
| _____ | _____ | _____ |
| Subscribed and sworn to before me this ___ day of _____, 202_____. | Subscribed and sworn to before me this ___ day of _____, 202_____. | Subscribed and sworn to before me this ___ day of _____, 202_____. |
| _____ Notary Public | _____ Notary Public | _____ Notary Public |
| My Commission expires: _____ | My Commission expires: _____ | My Commission expires: _____ |
| | * The Franchisor has signed this lease rider only to acknowledge its terms and not to accept any obligations under the lease. | |

## Exhibit B: Area Development with Exhibits

Vicious Biscuit Franchising, LLC
*a South Carolina limited liability company*
786 Johnnie Dodds Boulevard
Suite D-1
Mount Pleasant, SC 29464
(843) 278-9010

_____, 202__

_____
_____
_____
_____

**Re: Area Development Agreement**

Dear _____:

We are pleased to be entering into this Development Letter Agreement (the "**Agreement**") with you today. As used in this Agreement, the terms "**you**", "**your**", and "**Developer**" mean _____, and the terms "**we**", "**us**", and "**Franchisor**" mean Vicious Biscuit Franchising, LLC.

1. *Development*. This Agreement relates to the terms under which you will develop "Vicious Biscuit" business (each a "**Location**") within the "**Development Area**" that is specified on the attached Data Sheet (Exhibit A). Each Location will be established under the terms of a separate Franchise Agreement (the "**Franchise Agreement**") for that Location, which will specify, among other things, the approved location of that Location.

2. *Development Schedule*. You agree to establish each of the Locations in the Development Area according to the development schedule that is specified on the attached Data Sheet (Exhibit A). That schedule is referred to as the "**Development Schedule**."

3. *Term*. The term of this Agreement starts only when both parties have signed below, and ends on the last date specified in the Development Schedule, unless this Agreement is sooner terminated (the "**Term**").

4. *Fees and Credits*.

4.1 In consideration of the development rights granted in this Agreement, you agree to pay us, upon signing this Agreement, a development fee as specified on the attached Data Sheet (Exhibit A) (the "**Development Fee**"). The Development Fee shall be fully earned when we receive it from you and it shall be non-refundable in consideration of administrative and other expenses we incur, regardless of whether or not you meet your obligations under this Agreement.

4.2 If you are in compliance with your obligations under this Agreement and all of the Franchise Agreements between you (and your affiliates) and us (and our affiliates), then:

4.2.1 The Development Fee and the discounted initial franchise fee (including the development services fee) under the Franchise Agreement for each Location required to be established in the Development Area under this Agreement will be as follows:

| Location | Discounted initial franchise fee | Development Fee paid when this Agreement is signed | Balance of initial franchise fee that will be due when the Franchise Agreement is signed |
|---|---|---|---|
| First Location | $45,000 | $45,000 | $0 |
| Second Location | $40,000 | $20,000 | $20,000 |
| Third Location and each additional Location | $40,000 | $20,000 | $20,000 |

4.2.2 We will credit the Development Fee that you have paid toward the discount initial franchise fee as provided in Section 4.2.1 above (which includes the development services fee) due under each Franchise Agreement as described in Exhibit A to this Agreement (with the understanding that the total of those credits will not exceed the Development Fee that you actually paid to us under this Agreement).

4.3 All payments that you make to us shall be without deduction for any taxes.

4.4 All payments shall be made in the U.S. and in U.S. Dollars, by wire-transfer to a bank account that we designate in writing for that purpose.

5. *Development Rights*. We will not establish, nor license anyone other than you to establish, a Location in the Development Area until the end of the Term, except as otherwise provided under Section 6 below, so long as you (and your affiliates) are in compliance with this Agreement and all of the Franchise Agreements between you (and your affiliates) and us (and our affiliates),

6. *Reservation of Rights*.

6.1 Except as otherwise specifically provided above in Section 5, we retain all other rights, and therefore we shall have the right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to do any or all of the following (and, in each case, despite their proximity to the Development Area, and despite their actual or threatened impact on sales at any Location):

a. advertise and promote the "Vicious Biscuit" trademarks ("**Proprietary Marks**") anywhere;

b. fulfill, and license others to fulfill, customer orders by providing catering and delivery services in the Development Area;

c. establish, and franchise others to establish, Locations anywhere outside the Development Area;

d. establish, and license others to establish, businesses that neither operate under the "Vicious Biscuit" system of operations, as further defined in the Franchise Agreement (the "**System**") nor use the Proprietary Marks (even if those businesses offer products that are the same as or similar to those offered from Locations), no matter where those businesses are located (so long as those businesses are not "Locations" operated inside the Development Area);

e. acquire (or be acquired) and then operate any business of any kind, anywhere inside and outside the Development Area (so long as those businesses are not "Locations" operated within the Development Area);

f. sell any business of any kind, including those operating under the System within the Development Area; and

g. sell and distribute, or license others to sell and distribute, directly or indirectly, any products in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form) and other items bearing the Proprietary Marks (such as merchandise), from any location or to any purchaser (including, but not limited, the sale of items at wholesale and to purchasers in the Development Area through supermarkets, shops, mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a Location operated inside the Development Area.

7. *Other Brands*. In addition to the "Vicious Biscuit" brand, you understand that we may operate (or may become affiliated with other companies that operate) businesses under other brand names, and also that we may acquire other brands (or be acquired by a company that operates other brands) (collectively, "**Other Brands**"). You understand and agree that this Agreement does not grant you any concerning Other Brands.

8. *No License to use the Marks*. This Agreement does not confer upon you any license to use, in any manner whatsoever, our Proprietary Marks or System. To the extent that we are licensing those rights to you, that license is set out under the Franchise Agreements.

9. *Signing of the Franchise Agreements*. You must sign a Franchise Agreement for each Location. Each Location shall be located at a site that we have approved, within the Development Area, as provided below. The Franchise Agreement for each Location developed under this Agreement shall be in the form of our then-current Franchise Agreement. You must sign the Franchise Agreement for each Location and submit to us for countersignature no later than the signing of the lease or purchase property for that Location.

10. *Location Development and Site Approval*. For each proposed site for a Location, you must submit to us, in a form we may specify, a completed site approval package and such other information or materials as we may reasonably require. You must submit the site approval package, information, and materials by no later than one hundred and eighty (180) days before the date on which the Location must open as listed in the Development Schedule. You also must obtain our site approval for the first Location to be developed under this Agreement within four (4) months after the date of this Agreement. If we give our written approval to a proposed site, then we will send you written notice of approval within thirty (30) days after we receive your completed site approval package. If we do not send that notice to you within the same thirty-day period, then we shall be deemed to have disapproved the proposed site. You must at all times remain in compliance with this Agreement and all Franchise Agreements issued for Locations developed under this Agreement. We will not approve any site approval request by you for additional Location(s) if you are not in good standing under any Franchise Agreement. You may not open or operate a Location at a site without our prior written approval.

10.1 If you will occupy the premises from which the Location is to be operated under a lease, then before signing the lease, you must submit to us the draft lease or sublease for our approval. Our approval of the lease shall be conditioned upon the inclusion in the lease of terms acceptable to us, as specified in the "lease rider" that is attached to the form of Franchise Agreement found at Exhibit B to this Agreement. You must obtain our prior written approval as to the site for each Location before you enter into a lease or sublease for that site, and before you start construction at these sites. Within thirty (30) days after we give our site approval, you must sign a lease, after obtaining our approval of the terms of the lease, or a binding agreement to purchase the site, subject only to your obtaining any necessary zoning variances, building, or use permits. Nothing in this Section 10 shall be deemed to amend or modify your obligation to meet the Development Schedule. As used in this Agreement, the term "lease" includes subleases and similar subordinate grants of occupancy rights.

10.2 Recognizing that time is of the essence, you agree to satisfy the Development Schedule. If you do not meet the Development Schedule, or if you do not submit a completed site approval package and obtain our approval within the time periods noted in Section 10, that will constitute a default under this Agreement.

10.3 We may provide guidance to you in obtaining sites for your Locations. Neither our acceptance of a proposed site nor any information we communicate to you regarding our standard site selection criteria for Locations nor publicly available data for the site constitutes a warranty or representation of any kind, expressed or implied, as to the suitability of the site for a Location or for any other purpose. Our acceptance of a site merely signifies that we are willing to grant a franchise for a Location at that location. Your decision to develop and operate a Location at the site is based solely on your own independent investigation of the suitability of the site.

10.4 In consideration of our acceptance of the site, you and each of your owners release us and our affiliates, as well as our officers, directors, employees and agents, from all loss, damages and liability arising from or in connection with the selection or acceptance of the site for development as a Location, and agree to hold each such party harmless for such site approval.

10.5 In connection with your proposed site and lease for the operation of each Location, you acknowledge and agree that:

a. Whether you choose to proceed ahead with a particular site depends on your confidence in the site after doing your homework, carefully investigating all of the concerns (in addition to any that we may have raised), and investigating whether proper signage can be used at the site. If you decide to proceed ahead with a proposed site, you will still have to determine whether you can obtain a lease on favorable terms.

b. There is no way to know whether a particular site is likely to be successful or not, or whether you have considered every important factor. Factors you cannot predict may also play a role (for example, a construction project that impedes the flow of traffic).

c. If you decide to go ahead with a proposed site and we "approve" that site, you should know that our "go ahead" or even our "approval" does not mean that we have reached any conclusion as to whether or not you will be successful in operating a Location at that site. The review we conduct is for our own benefit just to make sure that a site meets certain internal characteristics.

d. Our review and approval of the proposed site and lease is not a recommendation or endorsement, and obviously not a guarantee that the site or lease terms are suitable. You are responsible for making the decision and you must take the steps you think are needed to determine whether the site is beneficial to you and whether the terms of the proposed lease make sense.

10.6 You acknowledge and agree that any of our designees, employees, agents, or independent contractors (such as an "area developer") may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

11. *Provisions of the Franchise Agreement Incorporated By Reference*. The parties agree that the provisions of the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed in this Agreement (here, and in full text), and that the provisions noted above also apply to this Agreement (except that reference to the "Franchisee" in those provisions shall refer to you under this Agreement):

11.1 Section 15 – Insurance

11.2 Section 16 – Transfer of Interest (and also see Section 12 below)

11.3 Section 17 – Default and Termination (and also see Section 13 below)

11.4 Section 18 – Obligations upon Termination or Expiration

11.5 Section 19 – Covenants

11.6 Section 20 – Taxes, Permits, and Indebtedness

11.7 Section 21 – Independent Contractor and Indemnification (and also see Section 15 below)

11.8 Section 22 – Force Majeure

11.9 Section 23 – Approvals and Waivers

11.10 Section 24 – Notices

11.11 Section 26 – Severability and Construction

11.12 Section 27 – Applicable Law and Dispute Resolution *(You specifically acknowledge and agree that the provisions in Section 27 of the Franchise Agreement apply to this Agreement as well. Among other things, the provisions of Section 27 provide (in the detail spelled out in the Franchise Agreement) that you agree that South Carolina law shall exclusively govern the terms of this Agreement (but not applying Florida conflict of laws rules), and that the parties agree to waive any right trial by jury, that you are waiving the right to seek or collect punitive damages, that the parties must first mediate any dispute before bringing an action n court; that the venue for any action you may file against us will be in the courts having jurisdiction over Mount Pleasant, South Carolina., that you are waiving participation in a common or class action against us, and that all legal actions you bring must be brought within one (1) year from the occurrence of the facts giving rise to such claim or action– all as described in Section 27 of the Franchise Agreement, excluding claims for indemnification).*

11.13 Section 28 – Acknowledgments

12. *Transfers*. In addition to the provisions of Section 11.2 above, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-upon number of Locations, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise

Agreements separate from one another, and in any case, separate from the rights set forth under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated).

13. *Defaults*. In addition to the provisions of Section 11.3 above, you will be in default under this Agreement if you: (a) do not meet your obligations under the Development Schedule (including Note 1 to the Development Schedule) and/or if any other agreement between you (and/or your affiliates) and us is terminated; and/or (b) fail to provide us with any information or documents we have the right to request under this Agreement or any other agreement between you (and/or your affiliates) and us (and/or our affiliates). If you are in default under this Agreement, then we will have the right to: (i) terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law); or (ii) take any lesser action instead of terminating this Agreement, including but not limited to suspending or eliminating your rights to the Development Area. A default under this Agreement shall not constitute a default under any Franchise Agreement between the parties.

14. *Entire Agreement and Amendment*. This Agreement, together with the provisions that are incorporated by reference pursuant to Section 11 above, and the Data Sheet that is attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter of this Agreement, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement (and the Data Sheet, and the provisions of the Franchise Agreement that are incorporated by reference) in deciding whether to enter into this Agreement (however, nothing in this Agreement is meant to disclaim any statement included in our franchise disclosure document). Except for those permitted to be made unilaterally by Franchisor under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

15. *Indemnity*. You agree to defend, indemnify and hold us, our owners and affiliates, and our (and our affiliates') officers, directors, members, managers, employees, and agents harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with your conduct and/or operation of the business contemplated under this Agreement, as well as the costs of defending against them (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses). This indemnification is in addition to the indemnification provisions of the Franchise Agreements.

16. *Confirmation that You Read and Understand the Franchise Agreement*. You acknowledge that you have read and understand the Franchise Agreement attached to this Agreement as Exhibit B (including but not limited to the provisions of the Franchise Agreement that are referenced (and/or incorporated by reference) into this Agreement via Section 11 above (including but not limited to the waiver of jury trial, the waiver of punitive damages, the mediation and venue clauses, and the provision waiving participation in a common or class action)).

17. *Captions*. The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and shall not be deemed) to change or have any affect upon the meaning of the Agreement.

**Area Development Agreement**

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

**Vicious Biscuit Franchising, LLC**
Franchisor

By:_____

Name:_____

Title:_____

Effective Date:_____

_____
Developer Entity

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

Address for Notices:

786 Johnnie Dodds Boulevard
Suite D-1
Mount Pleasant, SC 29464
(843) 278-9010
E-mail: info@viciousbiscuitfranchise.com

Address for Notices:

_____

_____

Attn:_____

Exhibits (2):

**A** – Data Sheet; and
**B** – Franchise Agreement

Exhibit A - Data Sheet

***The Development Fee under this Agreement shall be:***

| For this Location to be Developed in the Development Area: | The Development Fee shall be: |
|---|---|
| First | |
| Second | |
| Third | |
| **Total** | |

Initialed

Franchisor _____ Developer Party _____

***The Development Area under this Agreement shall be*** *(subject to Section 6 above)**:***

| |
|---|
| The present political boundaries of the _____ (excluding airports, seaports, and U.S. Government-operated facilities). |
| |
| |

Initialed

Franchisor _____ Developer Party _____

***The Development Schedule under this Agreement shall be:***

| By this anniversary of the date of this Agreement | Cumulative Total Number of Locations That You Agree To Have Open and in Operation in the Development Area |
|---|---|
| **[number (#)] months** | **[number (#)]** |
| **[number (#)]** months | **[number (#)]** |
| **[number (#)]** months | **[number (#)]** |

Initialed

Franchisor _____ Developer Party _____

Exhibit B - The Franchise Agreement

## Exhibit C: List of Administrators

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

| | |
|---|---|
| **CALIFORNIA**<br>Commissioner<br>Dep't of Financial Protection & Innovation<br>320 West Fourth St., Suite 750<br>Los Angeles, CA 90013-2344<br>(213) 576-7500 / Toll Free: (866) 275-2677 | **NEW YORK**<br>New York State Dep't of Law<br>Investor Protection Bureau<br>28 Liberty St., 21st Floor<br>New York, NY 10005<br>(212) 416-8236 |
| **HAWAII**<br>Commissioner of Securities<br>Dep't of Commerce & Consumer Affairs<br>Bus. Reg. Div., Securities Compliance Branch<br>335 Merchant St., Room 203<br>Honolulu, HI 96813 / (808) 586-2722 | **NORTH DAKOTA**<br>North Dakota Securities Dep't<br>State Capitol – Dep't 414<br>600 East Boulevard Av., Fifth Floor<br>Bismarck, ND 58505-0510<br>(701) 328-4712 |
| **ILLINOIS**<br>Illinois Office of the Attorney General<br>Franchise Bureau<br>500 South Second St.<br>Springfield, IL 62706<br>(217) 782-4465 | **RHODE ISLAND**<br>Dep't of Business Regulation<br>Securities Div., Building 69, First Floor<br>John O. Pastore Center - 1511 Pontiac Av.<br>Cranston, RI 02920<br>(401) 462-9527 |
| **INDIANA**<br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | **SOUTH DAKOTA**<br>Div. of Insurance<br>Securities Regulation<br>124 South Euclid Av., Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 |
| **MARYLAND**<br>Office of the Attorney General<br>Securities Div.<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | **VIRGINIA**<br>State Corporation Commission<br>Div. of Securities and Retail Franchising<br>1300 East Main St., 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 |
| **MICHIGAN**<br>Florida Attorney General's Office<br>Corporate Oversight Div., Franchise Section<br>525 West Ottawa St., 1st Floor<br>Lansing, MI 48913<br>(517) 335-7567 | **WASHINGTON**<br>Dep't of Financial Institutions<br>Securities Div.<br>PO Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760 |
| **MINNESOTA**<br>Minnesota Dep't of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101<br>(651) 539-1600 | **WISCONSIN**<br>Div. of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, WI 53705<br>(608) 266-2139 |

## Exhibit D: Agents for Service of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

| | |
|---|---|
| **CALIFORNIA**<br>Commissioner<br>Dep't of Financial Protection & Innovation<br>320 West Fourth St., Suite 750<br>Los Angeles, CA 90013-2344<br>(213) 576-7500 / Toll Free: (866) 275-2677 | **NEW YORK**<br>Secretary of State<br>One Commerce Plaza<br>99 Washington Av., 6th Floor<br>Albany, NY 12231-0001<br>(518) 473-2492 |
| **HAWAII**<br>Commissioner of Securities of the State of Hawaii<br>Dep't of Commerce & Consumer Affairs<br>Bus. Reg. Div., Securities Compliance Branch<br>335 Merchant St., Room 203<br>Honolulu, HI 96813 / (808) 586-2722 | **NORTH DAKOTA**<br>North Dakota Securities Commissioner<br>State Capitol<br>600 East Boulevard Av., Fifth Floor<br>Bismarck, ND 58505-0510<br>(701) 328-4712 |
| **ILLINOIS**<br>Illinois Attorney General<br>500 South Second St.<br>Springfield, IL 62706<br>(217) 782-4465 | **RHODE ISLAND**<br>Director of Dep't of Business Regulation<br>Dep't of Business Regulation<br>Securities Div., Building 69, First Floor<br>John O. Pastore Center - 1511 Pontiac Av.<br>Cranston, RI 02920<br>(401) 462-9527 |
| **INDIANA**<br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | **SOUTH DAKOTA**<br>Div. of Insurance<br>Director of the Securities Regulation<br>124 South Euclid Av., Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 |
| **MARYLAND**<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | **VIRGINIA**<br>Clerk of the State Corporation Commission<br>1300 East Main St., 1st Floor<br>Richmond, VA 23219<br>(804) 371-9733 |
| **MICHIGAN**<br>Florida Attorney General's Office<br>Corporate Oversight Div., Franchise Section<br>525 West Ottawa St., 1st Floor<br>Lansing, MI 48913<br>(517) 335-7567 | **WASHINGTON**<br>Dep't of Financial Institutions<br>Securities Div.<br>PO Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760 |
| **MINNESOTA**<br>Commissioner of Commerce<br>Minnesota Dep't of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101<br>(651) 539-1600 | **WISCONSIN**<br>Div. of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, WI 53705<br>(608) 266-2139 |

**Exhibit E: Vicious Biscuit Franchisees and Former Franchisees**
(as of Dec. 31, 2024)

## Franchisees Open

| | | | |
|---|---|---|---|
| Trumill Biscuit 1, LLC | Christopher Miller, Zach Trujillo | (385) 985-6666 | 333 St Christopher St Gonzales, LA 70737 |
| GMA Biscuits, LLC | Carl Albright | (330) 697-4300 | 3900 Medina Rd Akron, OH 44333 |

## Franchisees Signed But Not Yet Open

| Franchisee Name | Contact Name | Phone | State |
|---|---|---|---|
| Flour of the Power, LLC | Brandon Miller, Jenny Miller | (334) 657-4798 | Alabama |
| Jester Biscuits, LLC | Matthew Strickland | (904) 556-3357 | Florida |
| Biscuit Boys, LLC | David Dessner, Neda Smith, Scott Liberman, Stephen Wise | (317) 508-3357 | Indiana |
| Biscuit Brothers, LLC | Cliff Russum, James Hunter Russum | (601) 329-3263 | Mississippi |
| Partnership Dining Development | Dale Mulvey | (317) 246-8193 | Ohio |
| VB Tribe, LLC | Richard, Antoinette & Coby Cook | (864) 305-6721 | South Carolina |
| MG Enterprise, LLC | Chris Gregory, Andrew Moore | (319) 538-4714 | Tennessee |
| Rushmore Holdings, LLC | Andrew Barron, Eric Price, Tommy Price | (801) 513-0423 | Utah |
| WalCorp Inc. | GR Waldrop | (804) 385-7202 | Virginia |

## Former Franchisees

The following is a list of franchisees that left the system in our fiscal year ended Dec. 31, 2024 or that have not communicated with us in the ten-week period before we issued this disclosure document.

None

**Exhibit F: Vicious Biscuit Company-Owned Businesses**
(as of Dec. 31, 2024)

| Unit Name | Street Address | City | State | Phone Number |
|---|---|---|---|---|
| Neptune Beach | 211 3rd Street | Neptune Beach | Florida | (904) 539-4680 |
| Boone | 702 Blowing Roack Road, Ste 1 | Boone | North Carolina | (828) 303-2290 |
| Charlotte | 8200 Providence Road, Ste 100 | Charlotte | North Carolina | (704) 764-1940 |
| Wilmington | 1121 Military Cutoff Road. Ste A | Wilmington | North Carolina | (910) 444-2990 |
| Forest Acres | 3246 Forest Dr, Columbia, SC 29204 | Columbia | South Carolina | (803) 239-2550 |
| Mount Pleasant | 409 West Coleman Boulevard | Mount Pleasant | South Carolina | (843) 388-7362 |
| Summerville | 206 Front Street | Summerville | South Carolina | (843) 900-3551 |

## Exhibit G Vicious Biscuit Franchising, LLC Audited Financial Statements

The information in this electronic document is confidential and may be legally privileged. It is intended solely for the specified recipients. Access to this document by anyone else is unauthorized.

Bauknight Pietras & Stormer, P.A. shall have no liability, and shall pursue all available legal and equitable remedies against any recipients, for the unauthorized use or distribution of this document.

If you are not the intended recipient of this document, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful. When addressed to our clients, any opinions or advice contained in this document are subject to the terms and conditions expressed in the governing Bauknight Pietras & Stormer, P.A. client engagement letter (or as otherwise agreed to with our clients).

# Financial Statements

## Vicious Biscuit Franchising, LLC

*Years Ended December 29, 2024 and December 31, 2023*
*with Report of Independent Auditors*

# Vicious Biscuit Franchising, LLC
Financial Statements
Years Ended December 29, 2024 and December 31, 2023

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BPS
Tax / Assurance / Consulting

Vicious Biscuit 2025 FDD (159)
1501 Main Street, Suite 600
PO Box 1330
Columbia, South Carolina 29202
Phone (803) 771-8943
Fax (803) 771-8958

# Report of Independent Auditors

To the Members of
Vicious Biscuit Franchising, LLC

## Opinion

We have audited the accompanying financial statements of Vicious Biscuit Franchising, LLC (the "Company"), which comprise the balance sheets as of December 29, 2024 and December 31, 2023, and the related statements of operations, changes in members' deficit, and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vicious Biscuit Franchising, LLC as of December 29, 2024 and December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States ("US GAAP").

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States ("US GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, 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 Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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To the Members of
Vicious Biscuit Franchising, LLC

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 US GAAS, 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 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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To the Members of
Vicious Biscuit Franchising, LLC

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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.

Baukright Pietras + Stormer, P.A.

Columbia, South Carolina
March 31, 2025

# Vicious Biscuit Franchising, LLC
## Balance Sheets

| | December 29, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ **266,001** | $ 585,113 |
| Accounts receivable | **45,563** | -- |
| Deferred commission expense | **125,500** | 113,000 |
| Prepaid expenses | **6,000** | 8,962 |
| Total assets | $ **443,064** | $ 707,075 |
| **Liabilities and Members' Deficit** | | |
| Current liabilities: | | |
| Accounts payable | $ **46,532** | $ 31,385 |
| Due to related parties, net (Note 3) | **82,094** | 88,239 |
| Current portion of deferred revenue | **262,500** | 237,500 |
| Total current liabilities | **391,126** | 357,124 |
| Deferred revenue, net of current portion | **645,000** | 450,000 |
| Total liabilities | **1,036,126** | 807,124 |
| Members' deficit | **(593,062)** | (100,049) |
| Total liabilities and members' deficit | $ **443,064** | $ 707,075 |

*See accompanying notes.*

# Vicious Biscuit Franchising, LLC
## Statements of Operations

| | Years Ended December 29, 2024 | December 31, 2023 |
|---|---|---|
| Revenues | **$ 227,054** | $ 7,500 |
| Operating expenses: | | |
| Selling, general, and administrative | **629,430** | 161,053 |
| Commission expense | **24,882** | 7,000 |
| Professional fees | **62,086** | 103,893 |
| Total operating expenses | **716,398** | 271,946 |
| Net operating loss | **(489,344)** | (264,446) |
| Interest expense | **3,669** | 1,619 |
| Net loss | **$ (493,013)** | $ (266,065) |

*See accompanying notes.*

# Vicious Biscuit Franchising, LLC
## Statements of Changes in Members' Deficit
## Years Ended December 29, 2024 and December 31, 2023

| | | |
|---|---|---|
| Balance, December 31, 2022 | $ | 96,740 |
| Contributions from members | | 69,276 |
| Net loss | | (266,065) |
| Balance, December 31, 2023 | | (100,049) |
| Net loss | | (493,013) |
| Balance, December 29, 2024 | $ | (593,062) |

*See accompanying notes.*

# Vicious Biscuit Franchising, LLC
## Statements of Cash Flows

| | Years Ended December 29, 2024 | Years Ended December 31, 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | **$ (493,013)** | $ (266,065) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Amortization of deferred franchise commission expense | **14,000** | 7,000 |
| Expenses paid by members | **--** | 69,276 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | **(45,563)** | -- |
| Deferred commission expense | **(26,500)** | (120,000) |
| Prepaid expenses | **2,962** | (8,962) |
| Accounts payable | **15,147** | 35,504 |
| Deferred revenue | **220,000** | 687,500 |
| Net cash provided by (used in) operating activities | **(312,967)** | 404,253 |
| **Cash flows from financing activities:** | | |
| Net borrowings from (repayments to) related parties | **(6,145)** | 84,120 |
| Net cash provided by (used in) financing activities | **(6,145)** | 84,120 |
| Net change in cash | **(319,112)** | 488,373 |
| Cash, beginning of year | **585,113** | 96,740 |
| Cash, end of year | **$ 266,001** | $ 585,113 |

*See accompanying notes.*

Vicious Biscuit Franchising, LLC
Notes to Financial Statements
December 29, 2024 and December 31, 2023

**1. Description of Business and Summary of Significant Accounting Policies**

Vicious Biscuit Franchising, LLC (the "Company") is a southern based restaurant franchise whose primary activity is granting licenses, providing support, and marketing for the franchisees in return for a franchise fee for use of the brand.

The voting interests of the Company are held by George W. McLaughlin, Sr. and One Mean Biscuit, LLC (the "Members") at 90% and 10%, respectively.

In addition, non-voting financial rights are assigned to George W. McLaughlin, Sr., One Mean Biscuit, LLC, and The Vicious Biscuit Holding Co, LLC ("VB Holding Co.") at 81%, 9%, and 5%, respectively. The remaining 5% of non-voting rights have not been assigned as of December 29, 2024.

The Company uses a 52/53 week year.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Company is not a tax paying entity for federal or state income tax purposes; thus, no income tax provision has been recorded in the accompanying financial statements. Tax basis income or losses are reported by the Members in their income tax returns.

Transactions for which tax deductibility or the timing of tax deductibility is uncertain are reviewed by management based on their technical merits. Penalties and interest assessed by income taxing authorities are included in operating expenses. The Company recognized no interest or penalties during the years ended December 29, 2024 and December 31, 2023. Management has determined that the Company does not have any uncertain tax positions or associated unrecognized tax benefits that materially impact the financial statements or related disclosures. As a result, at December 29, 2024 and December 31, 2023, the Company did not have a liability for unrecognized tax benefits.

Vicious Biscuit Franchising, LLC
Notes to Financial Statements
December 29, 2024 and December 31, 2023

**1. Description of Business and Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

*Franchise Fee Revenues and Deferred Revenues*

The Company's franchise agreements are effective and binding for a term of ten years from the opening of the first franchised restaurant. The franchise agreements include an initial franchise fee as well as a development fee for each location included in the agreement. The initial franchise fee and development fee are invoiced and due when the franchise agreement is signed. The Company recognizes revenue as it satisfies its performance obligations related to the franchise agreement. Performance obligations consist of site selection, onboarding, systems implementation, design of a quality control program, and new store-opening training and development. Fees received, but for which the Company has not satisfied its performance obligations, are recorded as contract liabilities (presented as deferred revenue) in the accompanying balance sheets. Contract liabilities associated with multi-restaurant development agreements are recorded as long-term liabilities as the opening of multiple restaurants is generally completed over several years, as outlined in the franchise agreements. Direct costs related to the franchise agreements are charged to selling, general, and administrative expenses as incurred. The initial franchise fee and development fee are non-refundable except under limited circumstances outlined in the franchise agreements.

*Royalty Fee Revenue*

After the opening of a franchised restaurant, franchise royalty fees of 5% of gross revenues (net of discounts) are due to the Company on a weekly basis for each restaurant operated by a franchisee. Franchise royalty fees are recognized when earned. Royalty revenue recognized during the years ended December 29, 2024 and December 31, 2023 was approximately $97,000 and $0, respectively.

*Brand Fund Revenue*

The Company has established a "Brand Fund" to collect and administer funds contributed from franchisees for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchisees. Contributions to the Brand Fund are required for the franchised restaurants and are based on a percentage of restaurant sales. The Company has determined that there are no performance obligations associated with the contributions that are separate from the Company's royalty payment stream. As a result, these contributions and the related expenses are presented gross in the accompanying statements of operations. Brand Fund revenues recognized during the years ended December 29, 2024 and December 31, 2023 was approximately $56,000 and $0, respectively.

Vicious Biscuit Franchising, LLC
Notes to Financial Statements
December 29, 2024 and December 31, 2023

**1. Description of Business and Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

*Technology Fee Revenue*

After the opening of a franchised restaurant, the Company charges a technology fee of $100 per week. Technology fees are recognized when earned. Technology fee revenue recognized for the years ended December 29, 2024 and December 31, 2023 was approximately $4,000 and $0, respectively.

Disaggregated revenue information is as follows:

| | Years Ended | |
|---|---|---|
| | December 29, 2024 | December 31, 2023 |
| Timing of revenue recognition: | | |
| Transferred at a point in time | $ 157,054 | $ -- |
| Transferred over time | 70,000 | 7,500 |
| | $ 227,054 | $ 7,500 |

Accounts receivable, contract assets (presented as deferred commission expense on the accompanying balance sheets), and contract liabilities (presented as deferred revenue on the accompanying balance sheets) as of the beginning of the year totaled $0, $113,000, and approximately $688,000, respectively. Contract liabilities of approximately $70,000 as of December 31, 2023 were recognized as revenue in 2024.

*Deferred Commission Expense*

During 2023 and through September 2024, the Company utilized a third-party brand development firm to identify and contract with potential franchisees. The Company paid the brand development firm a commission of 20% of the franchise revenues generated by the brand development firm on behalf of the Company. Commission expense is deferred and recognized in proportion with the recognition of the related revenues that generated the commission expense.

**Advertising Costs**

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 29, 2024 and December 31, 2023 was approximately $54,000 and $47,000, respectively.

Vicious Biscuit Franchising, LLC
Notes to Financial Statements
December 29, 2024 and December 31, 2023

**1. Description of Business and Summary of Significant Accounting Policies (continued)**

**Concentrations of Risk**

The Company maintains its cash with one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures amounts on deposit with each financial institution up to limits as prescribed by law. The Company holds funds with financial institutions in excess of the FDIC insured amount; however, the Company has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Accounts receivable are reported net of an allowance for expected credit losses. The allowance is based on management's estimate of the amount of the receivables that will actually be collected. In establishing the allowance, the Company considers a number of factors, including historical trends and collection experience, the aging of accounts receivable balances, current economic conditions, the specific customer's ability to meet its financial obligations to the Company, and reasonable, supportable forecasts. Accounts receivable are written off when deemed to be uncollectible. At December 29, 2024 and December 31, 2023, there was no allowance recorded.

For the year ended December 29, 2024, all of the Company's revenues were from three customers. Approximately 57% of the Company's accounts receivable at December 29, 2024 were due from these three customers. The remaining 43% of the Company's accounts receivable was due from another customer. For the year ended December 31, 2023, all of the Company's revenues were from one customer.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**2. Franchise Fee Revenue**

For the years ended December 29, 2024 and December 31, 2023, franchise fee revenues were approximately $70,000 and $8,000, respectively.

Deferred franchise fee revenues as of December 29, 2024 represents the portion of total revenue from initial franchise fees attributable to services required to be provided by the Company that have not yet been performed. As of December 29, 2024 and December 31, 2023, deferred franchise fees totaled approximately $908,000 and $688,000, respectively.

Vicious Biscuit Franchising, LLC
Notes to Financial Statements
December 29, 2024 and December 31, 2023

**2. Franchise Fee Revenue (continued)**

Future franchise revenues to be recognized under the Company's franchise agreements at December 29, 2024 are as follows:

| | | |
|---|---|---|
| 2025 | $ | 262,500 |
| 2026 | | 220,000 |
| 2027 | | 145,000 |
| 2028 | | 125,000 |
| 2029 | | 95,000 |
| Thereafter | | 60,000 |
| | $ | 907,500 |

**3. Related Party Transactions**

During the years ended December 29, 2024 and December 31, 2023, the Members expended $0 and approximately $69,000, respectively, on behalf of the Company. The expenses have been recorded in the accompanying 2023 statement of operations and have been reported as non-cash contributions to equity. At December 29, 2024 and December 31, 2023, approximately $1,000 and $0 was due to one of the Members, which is included in due to related parties, net, in the accompanying 2024 balance sheet.

During the years ended December 29, 2024 and December 31, 2023, VB Holding Co. paid certain expenses on behalf of the Company totaling approximately $13,000 and $22,000, respectively. The Company reimbursed VB Holding Co. for these expenses.

Effective September 1, 2023, the Company entered into a shared services agreement with VB-Management Company, LLC ("VB-Management"). Under the terms of the agreement, VB-Management provides certain personnel and support services as well as office space to the Company. Fees related to this agreement totaled approximately $101,000 and $10,000, respectively, during the years ended December 29, 2024 and December 31, 2023 and are included in selling, general, and administrative expenses in the accompanying statements of operations. At both December 29, 2024 and December 31, 2023, approximately $3,000 was due to VB-Management related to this agreement.

At December 29, 2024, approximately $1,000 was due from VB-Management, which is included in due to related parties, net in the accompanying 2024 balance sheet. At December 31, 2023, approximately $3,000 was due to VB-Management which is included in due to related parties, net in the accompanying 2023 balance sheet.

Vicious Biscuit Franchising, LLC
Notes to Financial Statements
December 29, 2024 and December 31, 2023

**3. Related Party Transactions (continued)**

In August 2023, the Company entered into separate short-term debt agreements with The Vicious Biscuit Co. LLC ("VB Co.") and VB Holding Co. The manager of the Company is also the manager of VB Co., and VB Holding Co. has a 5% non-voting membership interest in the Company. Under the terms of the contracts, VB Co. and VB Holding Co. periodically advance funds to the Company to pay certain operating expenses. Interest is charged at the greater of the prime rate on the date of each advance or the Internal Revenue Service published short-term applicable federal rate in effect for the date of each advance. Interest is charged at the prime rate as it was higher on the date of each advance. The weighted-average interest rate on outstanding advances was approximately 8.0% as of December 29, 2024. Interest expense totaled approximately $4,000 and $2,000, respectively, during the years ended December 29, 2024 and December 31, 2023. No interest was paid during the years ended December 29, 2024 and December 31, 2023. At December 29, 2024, approximately $65,000 and $12,000 was due to VB Co. and VB Holding Co., respectively, and is included in due to related parties, net in the accompanying 2024 balance sheet. At December 31, 2023, approximately $73,000 and $11,000 was due to VB Co. and VB Holding Co., respectively, and is included in due to related parties, net in the accompanying 2023 balance sheet. Accrued interest payable to VB Co. and VB Holding Co. totaled approximately $5,000 and $2,000, respectively, as of December 29 2024 and December 31, 2023, which is included in due to related parties, net in the accompanying balance sheets. The debt and accrued interest is due on demand.

**4. Contingencies**

The Company is party to various legal actions in the normal course of its business. The Company is not involved in or threatened by proceedings for which the Company believes it is not adequately insured or indemnified or which, if determined adversely, would have a material effect on the Company's financial statements.

**5. Subsequent Events**

The Company evaluated events and transactions after December 29, 2024 through March 31, 2025, the date the financial statements were available to be issued, for subsequent events. There were no subsequent events to report.

# Financial Statements

## Vicious Biscuit Franchising, LLC

*Period from Inception (October 15, 2021) Through*
*December 31, 2022*
*with Report of Independent Auditors*

# Vicious Biscuit Franchising, LLC
# Financial Statements
# Period from Inception (October 15, 2021) Through December 31, 2022

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Vicious Biscuit 2025 FDD (174)

# Report of Independent Auditors

To the Members of
Vicious Biscuit Franchising, LLC

## Opinion

We have audited the accompanying financial statements of Vicious Biscuit Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in members' equity, and cash flows for the period from inception (October 15, 2021) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Vicious Biscuit Franchising, LLC as of December 31, 2022, and the results of its operations and its cash flows for the period from inception (October 15, 2021) through December 31, 2022 in accordance with accounting principles generally accepted in the United States.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, 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 Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 misstatements 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 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 Company's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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.

BAUKNIGHT PIETRAS & STORMER, P.A.

March 13, 2023

# Vicious Biscuit Franchising, LLC
## Balance Sheet
## December 31, 2022

| | |
|---|---|
| **Assets** | |
| Current assets: | |
| Cash | $ 96,740 |
| Total assets | $ 96,740 |
| **Liabilities and Members' Equity** | |
| Total liabilities | $ -- |
| Members' equity | 96,740 |
| Total liabilities and members' equity | $ 96,740 |

# Vicious Biscuit Franchising, LLC
## Statement of Operations
## Period from Inception (October 15, 2021) Through December 31, 2022

| | | |
|---|---|---|
| Revenues, net | $ | -- |
| Operating expenses: | | |
| Professional fees | | 92,918 |
| Organizational costs | | 33,610 |
| Total operating expenses | | 126,528 |
| Net loss | $ | (126,528) |

# Vicious Biscuit Franchising, LLC
## Statement of Changes in Members' Equity
## Period from Inception (October 15, 2021) Through December 31, 2022

| | | |
|---|---|---|
| Balance, inception (October 15, 2021) | $ | -- |
| Contributions from members | | 223,268 |
| Net loss | | (126,528) |
| Balance, December 31, 2022 | $ | 96,740 |

# Vicious Biscuit Franchising, LLC
## Statement of Cash Flows
## Period from Inception (October 15, 2021 Through December 31, 2022

| | | |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | $ | (126,528) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Expenses paid by members | | 123,268 |
| Net cash used in operating activities | | (3,260) |
| **Cash flows from financing activities:** | | |
| Contributions from members | | 100,000 |
| Net cash provided by financing activities | | 100,000 |
| Net change in cash | | 96,740 |
| Cash, inception (October 15, 2021) | | -- |
| Cash, end of period | $ | 96,740 |

## 1. Description of Business and Summary of Significant Accounting Policies

Vicious Biscuit Franchising, LLC (the "Company") is a southern based restaurant franchise formed on October 15, 2021 ("Inception"). The Company's primary activity is granting licenses, providing support, and marketing for the franchisors in return for a franchise fee for use of the brand.

The Company is owned by MAC Biscuit, LLC and One Mean Biscuit, LLC (the "Members") at 90% and 10%, respectively.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Income Taxes

The Company is not a tax paying entity for federal or state income tax purposes; thus, no income tax provision has been recorded in the accompanying financial statements. Tax basis income or losses are reported by the Members in their individual income tax returns.

Transactions for which tax deductibility or the timing of tax deductibility is uncertain are analyzed by management based on their technical merits. Penalties and interest assessed by income taxing authorities are included in operating expenses. The Company recognized no interest or penalties during the period from Inception through December 31, 2022. Management has determined that the Company does not have any uncertain tax positions or associated unrecognized tax benefits that materially impact the financial statements or related disclosures. As a result, at December 31, 2022, the Company did not have a liability for unrecognized tax benefits.

The Company's income tax filings are subject to audit by various taxing authorities where the Company filed returns since Inception.

## 2. Related Party Transactions

During the period from Inception through December 31, 2022, the Members expended approximately $123,000 on behalf of the Company. The expenses have been recorded in the accompanying statement of operations and have been reported as a non-cash contribution to equity.

## 3. Subsequent Events

The Company evaluated events and transactions after December 31, 2022 through March 13, 2023, the date the financial statements were available to be issued, for subsequent events. There were no subsequent events to report.

## Exhibit H Table of Contents for Brand Standards Manual

# Vicious Biscuit Franchise Operations Manual

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**Exhibit I** **State Addenda**

## Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for Vicious Biscuit Franchising, LLC for use in the State of Maryland is amended as follows:

1. Item 5, “Initial Fees,” is amended by adding the following language:

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

2. Item 17, “Renewal, Termination, Transfer, and Dispute Resolution,” is amended by adding the following language:

   The general releases required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

   The Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

3. This addendum will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this addendum.

4. Pursuant to the Interpretive Opinion “Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements” dated January 23, 2023, issued by the State of Maryland Office of the Attorney General Securities Division (the “Division”), the Division requires franchisors selling franchises that are subject to the Maryland Registration and Disclosure Law to provide the following legend: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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 this franchise.”

## Maryland Amendment to the Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Vicious Biscuit Franchising, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:

   We will defer payment of the initial franchise fee and any other initial payments owed by franchisees to us until the franchised business opens and we have completed our pre-opening obligations under the franchise agreement.

2. Sections 2.2.7 and 16.5.1 of the Agreement are amended by adding the following:

   The general releases required as a condition of renewal or sale, and as a condition of assignment or transfer, will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 25.1 of the Agreement is amended to read as follows:

   *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. However, nothing in this Agreement is intended (nor may it be interpreted) as a disclaimer by us of any representation made in our Franchise Disclosure Document ("FDD") (including the exhibits and any amendments to the FDD).

4. Section 27 of the Agreement is amended by adding the following:

   You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Sections 27.7 of the Agreement is amended by adding the following:

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

6. Sections 25 and 28 of the Agreement are amended by adding the following:

   All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Pursuant to the Interpretive Opinion "Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements" dated January 23, 2023, issued by the State of Maryland Office of the Attorney General Securities Division (the "Division"), the Division requires franchisors selling franchises that are subject to the Maryland Registration and Disclosure Law to provide the following legend: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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 this franchise."

Accordingly, (a) Section 28 of the Agreement is deleted in its entirety and shall have no force or effect, and (b) any other statement, questionnaire, or acknowledgement in this Agreement that is not permitted under the Interpretive Opinion is deleted in its entirety and shall have no force or effect.

8. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

| | |
|---|---|
| VICIOUS BISCUIT FRANCHISING, LLC<br>Franchisor | _____<br>Franchisee Entity |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

## Maryland Amendment to the Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Vicious Biscuit Franchising, LLC Development Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:

   We will defer payment of the initial franchise fee and any other initial payments owed by franchisees to us until the franchised business opens and we have completed our pre-opening obligations under the development agreement.

   In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Section 11.3 of the Agreement is amended by adding the following:

   The general releases required as a condition of assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 11.12 of the Agreement is amended by adding the following:

   You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. Sections 11.13 and 14 of the Agreement are amended by the following:

   All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 14 of the Agreement is amended to read as follows:

   *Entire Agreement and Amendment*. This Agreement, together with the provisions that are incorporated by reference pursuant to Section 11 above, and the Data Sheet that is attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter of this Agreement, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. Nothing in this Agreement is meant to disclaim any statement included in our franchise disclosure document. Except for those permitted to be made unilaterally by Franchisor under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

6. Pursuant to the Interpretive Opinion "Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements" dated January 23, 2023, issued by the State of Maryland Office of the Attorney General Securities Division (the "Division"), the Division requires franchisors selling franchises that are subject to the Maryland Registration and Disclosure Law to provide the following legend: "No statement, questionnaire, or

acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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 this franchise."

Accordingly, (a) Section 16 of the Agreement is deleted in its entirety and shall have no force or effect, and (b) any other statement, questionnaire, or acknowledgement in this Agreement that is not permitted under the Interpretive Opinion is deleted in its entirety and shall have no force or effect.

7. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Development Agreement on the same date as the Development Agreement was executed.

| | |
|---|---|
| VICIOUS BISCUIT FRANCHISING, LLC<br>Franchisor | _____<br>Developer Entity |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

## Virginia Disclosure Addendum

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17 of the Franchise Disclosure Document of Vicious Biscuit Franchising, LLC is amended as follows:

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

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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 not be enforceable.

2. This addendum will apply only if the Virginia Retail Franchising Act would apply on its own without referring to this addendum.

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

## Virginia Franchise Agreement Addendum

In recognition of the requirements of the Virginia Retail Franchising Act, the parties to the attached Vicious Biscuit Franchising, LLC Franchise Agreement (the "Agreement") agree as follows:

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Virginia Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

| | |
|---|---|
| VICIOUS BISCUIT FRANCHISING, LLC<br>Franchisor | _____<br>Franchisee Entity |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

## Exhibit J: Franchise Compliance Certification

Vicious Biscuit Franchising, LLC
FRANCHISEE COMPLIANCE CERTIFICATION

*(For use in all states other than California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.)*

**Please do not sign if the franchisee is a Maryland resident or if the franchised business will be located within the State of Maryland.**

---

As you know, you and Vicious Biscuit Franchising, LLC (the "**Franchisor**" or "**we**" or "**our**" (as the case may be) are preparing to enter into a Franchise Agreement for the establishment and operation of a "Vicious Biscuit" franchised business. The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:

| | | |
|---|---|---|
| a. | _____,202__<br>Initials _____ | The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a "Vicious Biscuit" franchised business. |
| b. | _____,202__<br>Initials _____ | The date on which I received Franchisor's Franchise Disclosure Document ("**FDD**"). |
| c. | _____,202__<br>Initials _____ | The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed. |
| d. | _____,202__<br>Initials _____ | The date on which I signed the Franchise Agreement. |

2. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

   Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

   Yes _____ No _____

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

_____

_____

_____

_____

_____

4. Do you understand that the Franchise Agreement contains a number of provisions that may affect your legal rights, including required mediation, designated locations or states for any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

   Yes _____ No _____

5. Have you received and personally reviewed the FDD that we gave to you?

   Yes _____ No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

   Yes _____ No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

   Yes _____ No _____

   If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

   _____

   _____

   _____

   _____

   _____

8. Did you discuss the benefits and risks of establishing and operating a “Vicious Biscuit” franchised business with an attorney, accountant, or other professional advisor?

   Yes _____ No _____

   If No, do you wish to have more time to do so?

   Yes _____ No _____

9. Do you understand that the success or failure of your “Vicious Biscuit” franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes _____ No _____

10. Has anyone speaking on our behalf made any statement or promise to you concerning the revenues, profits or operating costs of a “Vicious Biscuit” franchised business operated by us or by our franchisees that is different from the information contained in the FDD?

    Yes _____ No _____

11. Has anyone speaking on our behalf made any statement or promise to you about how much amount of money you may earn in operating the franchised business that is different from the information contained in the FDD?

    Yes _____ No _____

12. Has anyone speaking on our behalf made any statement or promise concerning the total amount of revenue your "Vicious Biscuit" franchised business will generate that is different from the information contained in the FDD?

    Yes _____ No _____

13. Has anyone speaking on our behalf made any statement or promise regarding the costs you may incur in operating your "Vicious Biscuit" franchised business that is different from the information contained in the FDD?

    Yes _____ No _____

14. Has anyone speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a "Vicious Biscuit" franchised business?

    Yes _____ No _____

15. Has anyone speaking on our behalf made any statement or promise, or made an agreement with you, concerning how much service and assistance we will provide to you (for example, concerning advertising, marketing, training, and support) that is different from the information contained in the FDD?

    Yes _____ No _____

16. Before today, did you enter into any binding agreement with us concerning the purchase of this franchise?

Yes _____ No _____

17. Before today, have you paid us any money concerning the purchase of this franchise before today?

Yes _____ No _____

18. If you have answered "Yes" to any of questions 10-17, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.)

19. If you have answered "no" to each of questions 10-17, please leave the following lines blank.

_____

_____

_____

_____

_____

20. Do you understand that all disputes and claims you may have against us under the Franchise Agreement and the personal guarantee must be heard in the courts of Florida (if the parties cannot resolve the matter informally or by mediation)?

Yes _____ No _____

21. Do you understand that the Franchise Agreement and the personal guarantee provides that you can only collect compensatory damages on any claim under or related to the Franchise Agreement and not any consequential or punitive damages?

Yes _____ No _____

22. Do you understand that the Franchise Agreement and the personal guarantee each include a waiver of jury trials?

Yes _____ No _____

23. Do you understand that the Franchise Agreement and the personal guarantee includes a statement that claims need to be brought within one year after they arise or they may no longer be brought after that time?

Yes _____ No _____

23. I spoke with the following persons from the Franchisor, its affiliates, and independent brokers about buying a "Vicious Biscuit" franchise:

_____

_____

_____

24. I signed the Franchise Agreement and Addenda (if any) on _____, 202___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

This Certification is only meant to confirm whether certain facts are true. Nothing in this Certification is meant to be a waiver of any rights that you have under any law. None of our questions and none of your answers are a disclaimer of any information that we have provided in our disclosure document.

I answered all of the questions above truthfully, completely, and understand that you will rely on my answers.

**Franchise Applicant**

_____
Signed

_____
Printed Name

_____
Date Signed

*(Not to be used in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.)*

## Exhibit K General Release

*The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the form of this release.*

[Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Franchised Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Franchised Business. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. This includes the waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party"). No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

## Exhibit L: State Effective Dates

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| STATE | REGISTRATION EFFECTIVE DATE |
|---|---|
| Indiana | *Pending* |
| Maryland | *Pending* |
| Virginia | *Pending* |

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

**Exhibit M:** **Item 23 • Receipt**

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

If Vicious Biscuit Franchising, LLC ("**VBF**") offers you a franchise, it must provide this Disclosure Document to you: (**a**) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (**b**) in New York, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (**c**) in Iowa, at the earlier of the first personal meeting or 14 days before signing the franchise or other agreement or pay any consideration that relates to the franchise relationship, or (**d**) in Michigan, at least 10 business days before you sign any binding franchise or other agreement or pay any consideration, whichever occurs first.

If VBF does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed in Exhibit C. VBF authorizes the agents listed in Exhibit D to receive service of process.

VBF is the franchisor, with its offices at 786 Johnnie Dodds Blvd, Suite D-1, Mt Pleasant, SC 29464. The franchise sellers are George McLaughlin and Amanda Kahalehoe at VBF's offices. Any additional individual franchise sellers involved in offering the franchise are: _____.

The issuance date of this Franchise Disclosure Document is April 3, 2025.

I received a Franchise Disclosure Document dated April 3, 2025 and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following Exhibits:

| | | | |
|---|---|---|---|
| A | Franchise Agreement and Related Exhibits | G | Financial Statements |
| B | Area Development Agreement | H | Table of Contents - Brand Standards Manual |
| C | List of Administrators | I | State Addenda |
| D | Agents for Service of Process | J | Franchise Compliance Questionnaire |
| E | List of Current and Former Franchisees | K | General Release |
| F | List of Company-Owned Vicious Biscuit Restaurants | L | State Effective Dates |
| | | M | Receipts (2 copies) |

_____
Date Received

_____
Prospective Franchisee

_____
_____
Printed Name

_____

_____
Home Address

*Please keep this copy of the receipt for your records.*

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_____
Date Received

_____
Prospective Franchisee

_____
Printed Name

_____

_____
Home Address

*Please sign and date this copy of the receipt and return it to us by mail or to info@viciousbiscuitfranchise.com*