

FRANCHISE DISCLOSURE DOCUMENT



Pickleman's Franchising, LLC
A Missouri limited liability company
P.O. Box 467
Hallsville, Missouri 65255
(573) 442-8180
franchising@picklemans.com
www.picklemans.com

The franchisee will operate a quick serve restaurant specializing in toasted sandwiches, signature soups, salads, thin-crust pizza and specialty beverages under "Pickleman's Gourmet Cafe".

The total investment necessary to begin operation of a Pickleman's Gourmet Cafe is from ~~\$410,800~~416,300 to ~~\$897,000~~1,043,500. This includes the ~~\$38,000~~38,100 to ~~\$39,400~~39,800 that must be paid to the franchisor or its affiliates. If you want to obtain area development rights pursuant to an Area Development Agreement, you will pay a Development Fee equal to \$20,000 for each proposed Unit when you sign the Area Development Agreement.

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 Doug Stritzel, Pickleman's Franchising, LLC, at P.O. Box 467, Hallsville, MO 65255, (573) 442-8180.

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

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

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

Issuance Date: April ~~517, 2024~~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 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Pickleman’s Gourmet Cafe 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 Pickleman’s Gourmet Café franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the 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 G.

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 Contacts for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Missouri. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Missouri than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has not ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. 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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of

a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

**PICKLEMAN’S FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

TABLE OF CONTENTS

ITEM 1 The Franchisor and any Parents, Predecessors, and Affiliates	1
ITEM 2 Business Experience	2
ITEM 3 Litigation	3
ITEM 4 Bankruptcy	3
ITEM 5 Initial Fees	3
ITEM 6 Other Fees	4
ITEM 7 Estimated Initial Investment	7
ITEM 8 Restrictions on Sources of Products and Services	9
ITEM 9 Franchisee’s Obligations	11
ITEM 10 Financing	12
ITEM 11 Franchisor’s Assistance, Advertising, Computer Systems, and Training	12
ITEM 12 Territory	19
ITEM 13 Trademarks	21
ITEM 14 Patents, Copyrights, and Proprietary Information	22 <u>23</u>
ITEM 15 Obligation to Participate in the Actual Operation of your Business	23 <u>24</u>
ITEM 16 Restrictions on what the Franchisee may Sell	24
ITEM 17 Renewal, Termination, Transfer and Dispute Resolution	25
ITEM 18 Public Figures	27
ITEM 19 Financial Performance Representations	27 <u>28</u>
ITEM 20 Outlets and Franchisee Information	29 <u>30</u>
ITEM 21 Financial Statements	31 <u>32</u>
ITEM 22 Contracts	31 <u>32</u>

ITEM 23 Receipt

~~31~~[32](#)

EXHIBIT A	Franchise Agreement
EXHIBIT B	Area Development Agreement
EXHIBIT C	Table of Contents of Manual
EXHIBIT D	State Specific Addenda to FDD, Franchise Agreement and Area Development Agreement
EXHIBIT E	List of Franchisees
EXHIBIT F	Financial Statements
EXHIBIT G	List of State Agencies/Agents for Service of Process
EXHIBIT H	Receipt

PICKLEMAN’S FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we”, “us” and “our” means Pickleman’s Franchising, LLC, the franchisor. “You” and “your” mean the person who buys the franchise. If the franchise will be owned by a corporation or partnership or limited liability company, “you” and “your” also mean the owners of the corporation or partners of the partnership or members and manager of the limited liability company and their spouses.

We are a Missouri limited liability company which was formed on August 20, 2007. We maintain our principal place of business at 2072 Farris County Rd., Foristell, MO 63348. We do not currently do business or intend to do business under any name other than Pickleman’s Franchising, LLC. We have no parent and no predecessors. Our agents for service of process are disclosed in Exhibit G.

An affiliate of ours is Pickleman’s Holdings, LLC (“Holdings”). Holdings owns the Marks (as defined below) and has granted a worldwide license to us to grant franchises using the Marks. Holdings does not grant any franchises. Holdings’ principal business address is 2072 Farris County Rd., Foristell, MO 63348.

Another affiliate of ours is Big Dill Productions, LLC, doing business as “The Relish Jar”. The Relish Jar provides website design and marketing services to many clients including us and possibly to our franchisees. It was organized in Missouri on December 17, 2021.

We grant franchises to operate, a quick serve restaurant specializing in toasted sandwiches, signature soups, salads, thin-crust pizza and specialty beverages using the System and Marks as described in the Franchise Agreement which is attached as Exhibit A (“Franchise Agreement”). “System” means a specially developed method of operating a quick serve restaurant under the Marks using certain procedures and methods, recipes, site evaluation criteria, layouts, accounting methods, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of Pickleman’s Gourmet Cafes as they may be changed, improved, modified and further developed by us or our affiliates from time to time. “Marks” means such service marks, trademarks, trade dress, trade names, logos and commercial symbols, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of a Pickleman’s Gourmet Cafe. Marks include “Pickleman’s”, “Pickleman’s Gourmet Cafe” and design, “Whole Lotta Love One Big Pickle”, and “What’s Inside Matters Most”. In this disclosure document, “Pickleman’s Gourmet Cafe” means any restaurant which is operated under the System and Marks, whether owned by us, an affiliate of us, or a licensee or franchisee of us or an affiliate of us. You will do business under the fictitious or assumed name of “Pickleman’s Gourmet Cafe” or any other name that we decide to use in the future. In this disclosure document, the Pickleman’s Gourmet Cafe you will operate according to the terms of the Franchise Agreement is referred to as the “Cafe.”

This disclosure document describes our 2 franchise programs:

1. Single Unit Franchise Program. If we approve you as a franchisee, you may sign a Franchise Agreement, in the form attached as Exhibit A, to operate a single Pickleman’s Gourmet Cafe restaurant. In no event will you be a franchisee until we have signed a Franchise Agreement with you.

2. Development Program. Under the Development Program, we assign a territory (“Development Area”) within which you must open and operate a number of Pickleman’s Gourmet Cafe restaurants (“Units”) within a specified period of time (“Development Schedule”). If you elect to participate in and are approved for this program, you will execute an Area Development Agreement (the “ADA”) in the form attached as Exhibit B, which will describe your Development Area and the Development Schedule. For each Unit, you must sign separate Franchise Agreements in the form attached as Exhibit A or, at our option, in the form of the then current Franchise Agreement we offer our new franchisees, subject to any changes or modifications required by applicable law. In no event will you sign a Franchise Agreement for any Unit until we have complied with any applicable waiting periods prescribed by law, and in no event will you be a franchisee entitled to operate a Unit as a Pickleman’s Gourmet Cafe until we sign the Franchise Agreement for that particular Unit. You will sign a Franchise Agreement for your first Unit at the same time you sign the ADA.

The goods and services offered by our franchisees are used primarily by the general public for personal consumption and are not limited to any specific submarket. Your Cafe will have to compete with other restaurants offering similar products including other franchises, fast food restaurants and full-service restaurants. You should also recognize that the intense competition for the food dollar can affect your business and all competing businesses and could affect the profitability of your Cafe.

Health and licensing regulations specific to the operation of a restaurant are in effect in most jurisdictions. You will be required to comply with all local, state and federal health and sanitation laws that apply to restaurant operations, including any requirements for food handlers to have certain inoculations. You must check all applicable governmental laws, regulations, and ordinances. You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Cafe and it is likely that you will be required by city and/or state laws to obtain licenses to operate your Cafe. You must comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the Americans with Disabilities Act, regarding the construction, design and operation of the Cafe. You should check with your local attorney for advice on complying with applicable law.

We began offering franchises in 2008. We have not conducted a business of the type you will be operating and we do not engage in any types of business activities other than franchising Pickleman’s Gourmet Cafes and providing services to our franchisees. Neither we nor any of our affiliates have offered franchises in other lines of businesses. None of our affiliates have sold any franchises similar to your Cafe.

ITEM 2

BUSINESS EXPERIENCE

Douglas Stritzel Chief Executive Officer

Since our inception in August 2007, Doug Stritzel has been our Chief Executive Officer (prior to January 2020, he was a/k/a Chief Operating Officer). Since its inception in August 2007, Doug Stritzel has been the Chief Operating Officer for Pickleman’s Holdings, LLC. Since its inception in June 2005, Doug Stritzel has been the Chief Operating Officer for Pickleman’s, LLC.

Michael Stritzel Chief Information Officer

Since September 2020, Michael Stritzel has been our Chief Information Officer. From January 2020 until September 2020, Michael Stritzel was our Chief Operating Officer. From January 2018 until January 2020, Michael Stritzel was a business consultant for us and a prospective franchisee.

Kenneth Rice Chief Operating Officer

Since January 2022, Kenneth Rice has been our Chief Operating Officer. From July 2021 until December 2021, Kenneth Rice was Vice-President of Operations and Partner at Carolina Franchise Holdings LLC (dba Burger King). From January 2019 until June 2021, Kenneth Rice was Regional Director of Operations for Capstone Restaurant Group LLC (dba Hardee’s). From January 2018 until December 2018, Kenneth Rice was self-employed.

Keith Dudek Vice President of Franchise Development

Since February 2024, Keith Dudek has been our Vice President of Franchise Development. From July 2022 to February 2024, Keith Dudek was our President of Franchise Systems and Chief Development Officer. From June 2002 until May 2022, Keith Dudek was the president of Siler Mine Subs Franchise Inc. in Fort Collins, CO. From June 2000 until May 2022, Keith Dudek was a Partner of QSR Technology in For Collins, CO.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

Kenneth Michael Rice and Rebecca Destiny Rice filed a bankruptcy petition under the liquidating provisions of Chapter 7 of the U.S. Bankruptcy Code on November 8, 2018, which was prior to Kenneth Rice’s employment with us as our COO. In re Kenneth Michael Rice and Rebecca Destiny Rice 18-55178-mar (E.D. MI 2018). On May 2, 2019, the bankruptcy court entered a discharge.

Other than above, no bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement under the Single Unit Franchise Program. Our standard initial franchise fee is \$35,000 (the “Initial Franchise Fee”). Last fiscal year we collected an initial franchise fee equal to \$20,000.

The Initial Franchise Fee is due at the time you sign the Franchise Agreement. The Initial Franchise Fee offsets the expenses we incur to market to, research, award, provide assistance to and train franchisees. The Initial Franchise Fee is fully earned by us and is non-refundable to you.

Prior to opening, you are required to purchase the following items, however, you are not required to purchase them from us: branded apparel (~~employees~~employee shirts, hats and ~~manger~~manager polos); ~~stickers, cups, water bottles, koozies, stress balls, gift cards,~~ gift card displays, salad and gift card sleeves~~catering stickers~~. We estimate that the cost of these materials will be between \$1,000 and \$1,400 if you elect to purchase them from us. We estimate that you will purchase between 100 to 500 gift cards and gift card sleeves from us prior to opening, which we estimate to cost between \$100 and \$400. You will also need to pay for the cost of shipping. You are required to purchase salt blocks from us prior to opening, which we estimate to cost between \$2,000 to \$3,000. Payments made to us for these items are non-refundable.

ADA

If you are a franchisee under our Development Program, you must pay us a development fee equal to \$20,000 for each Unit you propose to open under the ADA (the “Development Fee”). The Initial Franchise Fee for each additional Pickleman’s Gourmet Cafe opened pursuant to an ADA is \$30,000. The portion of the Development Fee attributable to each Unit will be credited against the amount of the Initial Franchise Fee you must pay when you sign the Franchise Agreement for a particular Unit (as determined above).

For example, if you agree to open 4 Units under the ADA, you will pay us \$95,000 (Initial Franchise Fee and Development Fee) calculated as follows:

- (1) sign a Franchise Agreement and pay an Initial Franchise Fee for the first Unit equal to \$35,000, and
- (2) sign an ADA and pay a Development Fee of \$60,000 (3 x \$20,000).

When you sign the Franchise Agreement for each additional Unit, you will owe an Initial Franchise Fee of \$30,000, receive a credit of \$20,000 (the portion of the Development Fee attributable to Unit 2) and therefore pay us the balance of the Initial Franchise Fee due which is \$10,000.

The Development Fee is payable on execution of the ADA and is fully earned when paid. In no event is the Area Development Fee refundable.

ITEM 6

OTHER FEES*

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fees Note 1	6% of Gross Sales	Payable each week on Monday (based on Gross Sales of the previous week, Monday through Sunday)	Fees and sales back-up report due. Payments shall be made via electronic funds transfer (“EFT”)
Advertising Fee Note 2	2.75% —3% of Gross Sales	Payable weekly by Monday of the following week	Payments shall be made via EFT
Transfer Fee	Up to 50% of the then current Initial Franchise Fee; \$5,000 per undeveloped Unit to transfer rights under ADA	Prior to consummation of transfer	Payable when you sell your franchise or your development rights

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Renewal Fee	25% of the then current Initial Franchise Fee	At the time of the execution of the then current franchise agreement	Payable when you renew the franchise
Additional Training Note 3	Fee and all expenses	Upon request or as we require	This is for additional training we may provide from time to time
Additional Assistance Note 3	Fee and all expenses	Upon request or as we require	This is for additional assistance that you need or request
Training Software	Our costs and expenses, currently \$95 per month	Upon demand	We may increase this fee upon notice to you
CRM Software / Social Media Content Manager	Our costs and expenses, currently \$53 per month	Upon demand	We may increase this fee upon notice to you. Currently, we have been using a portion of the Advertising Fund to help offset a portion of this monthly expense, but we reserve the right to change that practice in the future.
Audit Note 4	Cost of Audit	Upon demand	If we determine that you have been deficient by more than 2% on payment of fees
Interest on late payments Note 4	Lesser of 1.5% per month or maximum legal rate	On all overdue payments	Payable on all overdue amounts
Late Report Fee Note 4	\$100 plus \$100 for every week or month a report is late	Upon demand	Payable on all late reports
Liquidated Damages Note 5	\$1,000 per day	Upon demand	Payable for each day unauthorized products or services are offered for sale or sold
Indemnification**	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Cafe operation
Costs and Attorneys' Fees**	Will vary under circumstances	As incurred	Due when we take steps to enforce or defend the Agreement
Taxes Note 6	Actual Costs	Upon demand	
Dispute Resolution Fee**	\$50,000 plus actual costs	Upon demand	Payable if you breach the dispute resolution provisions of the Franchise Agreement
Technology Fee Note 7	\$25 per week	Payable once you open your Cafe and weekly by Monday of the following week	Pay by electronic funds transfer.
Re-Inspection Fee	Currently, \$500 per day plus our travel expenses	Upon demand	Applies if we conduct any follow-up inspection after you are given an action plan to correct deficiencies or a curable default notice; the fee is assessed for each day we are on-site at the Franchised Business to confirm non-compliance has been corrected; payments may be required to be made by EFT

* All fees other than arbitration fees are imposed by and are payable to us. All fees are non-refundable and are uniformly imposed.

** These fees are found in both the Franchise Agreement and ADA.

Note 1: Royalty Fee. You are required to pay us a Royalty Fee equal to 6% of Gross Sales from your Cafe by Monday of the week following the week in which the sales were made. “Gross Sales” means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Cafe, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. You will authorize us to take the Royalty Fees from you by electronic transfer.

Note 2: Advertising Fee. You are required to pay us an Advertising Fee currently equal to ~~2.753%~~ 3% of Gross Sales ~~for 2024 and 3% of Gross Sales thereafter~~ by Monday of the week following the week in which the sales were made. ~~The maximum Advertising Fee you will be required to pay us is 3% of Gross Sales.~~—You will authorize us to take the Advertising Fees from you by electronic transfer.

Note 3: Additional Training and Assistance Fees. We reserve the right to charge you a reasonable amount, up to \$1,000 per person per day, for any training we provide to you or your managers or employees after the opening of the Cafe. You will also be responsible for any travel, meal, incidental, and lodging expenses incurred by persons conducting the training programs and attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate. If we send our representatives to your Cafe to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

Note 4: Interest, Audit Fees and Late Report Fees. You must pay interest on any unpaid amounts at the rate of the lesser of 1.5% per month or the maximum legal rate in the jurisdiction where your Cafe is located. In addition, if the amount of Gross Sales you report for any calendar year is less than 98% of the actual Gross Sales for that period, you must pay us the amount owed for Royalty Fees, Advertising Fees, interest and reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging. If you fail to send us your weekly reports by the Monday of the following week, we can charge you, to the extent permitted by law, a late fee of \$100 plus \$100 for each week your report is late. If you fail to send us a report that is due on a monthly basis, annual basis or quarterly basis, we can charge you a late report fee of \$100 plus \$100 for each month your report is late.

Note 5: Liquidated Damages for Sale of Unauthorized Products or Services. Uniformity of products and services offered by all Pickleman’s Gourmet Cafe restaurants is of utmost importance to us, our franchisees and the System. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Confidential Operations Manual, you agree we will be damaged by your non-compliance. These damages will be calculated at the rate of \$1,000 per day for each day unauthorized products or services are offered or sold and will be in addition to any other rights and remedies we may have against you. We have the right to collect these amounts in addition to any and all of our other rights for non-compliance provided for under the Franchise Agreement. You agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services are difficult to determine and we and you desire certainty in this matter and agree that the damages provided here are reasonable, constitute liquidated damages and are not a penalty.

Note 6: Taxes. You must pay us the amount of any State or local sales, use, gross receipts, or similar tax that the State or local government authority imposes on fees which you pay to us under the Franchise Agreement, without offset or deduction of any kind. Your obligation to reimburse us for these taxes does not extend to income-type taxes which a State or local government imposes on our income.

Note 7: Technology Fee. You are required to pay us our then-current Technology Fee per week due on the day you first open the Cafe for business and thereafter by Monday of each week. We may use the Technology Fee to support the website, emails, intranet or portal, enhancement and development of the computer system we require our franchisees to use, any mobile application and/or online ordering capabilities we may develop for use in the System and for other technology-related products or services that are or become part of the System. We reserve the right to increase the amount of the Technology Fee, but in no event will we increase it more than once every 12 months. In no event will the Technology Fee be a percentage of Gross Sales.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$35,000	Lump Sum	Upon signing the Franchise Agreement	US
Lease Deposit and Rent (Note 2)	\$10,000 – \$24,000	Lump Sum	Signing the Lease	Landlord
Improvements/Construction/ and Interior decorating (Note 3)	\$150,000 – \$480,000 <u>\$550,000</u>	As incurred	Before Opening	General Contractor
Architect Fees (Note 3)	\$10,000 – \$15,000 <u>\$25,000</u>	Lump Sum	Before Opening	Architect
Equipment/Furniture/Fixtures/ Smallwares (Note 4)	\$130,000 – \$200,000 <u>\$250,000</u>	Lump Sum	Before Opening	Approved suppliers
Signage	\$15,000 – \$40,000	Lump Sum	Before Opening	Outside Vendor
Licenses, Dues, Deposits, etc. (Note 5)	\$2,000 <u>\$4,000</u> – \$6,000 <u>\$10,000</u>	Lump Sum	Before Opening	Government Agencies and organizations; utility providers
Travel and Living Expenses while Training	\$7,000 \$15,000 <u>\$10,000</u> – <u>\$20,000</u>	As incurred	Before Opening	Airlines, hotels, Etc.
Office Equipment	\$1,000 – \$1,500 = <u>\$5,000</u>	As incurred	Before Opening	Outside suppliers
Inventory/Supplies (Note 6)	\$6,000 – \$12,000	As incurred	Before Opening	Approved suppliers, us
Professional Fees	\$1,000 – \$4,000 <u>\$5,000</u>	Lump Sum	Before Opening	Attorney, accountant
Insurance (per quarter) (Note 7)	\$3,800 – \$4,500	As incurred	Before Opening	Insurance agent
Additional Funds – 3 months (Note 8)	\$36,000 – \$55,000	As incurred	As incurred	Employees, rent, suppliers, utilities, etc.
Grand Opening Advertising	\$4,000 – \$5,000 <u>\$8,000</u>	As incurred	60 days after opening	Advertising company
TOTAL (Note 9)	\$410,800 \$897,500 <u>\$416,300</u> – <u>\$1,043,500</u>			

The chart above describes the estimated initial investment for a Pickleman's Gourmet Cafe restaurant, whether it is a single Unit or a Unit under the ADA.

Note 1. Initial Franchise Fee. The 1st Unit Initial Franchise Fee is \$35,000. If you are a developer under an ADA, the Initial Franchise Fee for all additional Units is \$30,000. As described in Item 5, when you sign the ADA, you must pay us a Development Fee equal to the number of Units to be opened under the ADA multiplied by \$20,000 and you will receive a credit against the Initial Franchise Fee owed for each Unit in the amount of the portion of the Development Fee attributable to the Unit being opened.

Note 2. Lease Deposit. The standard size of the Cafe will range from ~~1,400-2,000~~ 1,600-2,200 square feet and typically will be in an in-line location or endcaps. If you do not own or purchase real estate for the Cafe location, you will need to lease space from a landlord. In most cases the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of 1 month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. However, the rental rates will most likely depend on the size and location of the Cafe. These costs will vary greatly depending on the metropolitan area where the Cafe will be located. These estimates are based on one month's rent for a security deposit and the first month's rent. ~~In addition, these estimates are based on locations in and around Columbia, Missouri.~~ In most cases, franchisees rent rather than purchase property. The initial investment assumes you will rent. If you purchase the property or rent a ~~free-standing~~ building which has not been built out, your initial expenses will dramatically increase.

Note 3. Architect Fees and Improvements/Construction/Interior Design. When a site has been selected, we will provide you with layout, drawings and design of a typical Pickleman's Gourmet Cafe restaurant. The services of a licensed architect are usually required to detail the layout into construction plans. You will pay for the architect's services directly. The cost of construction, improvements or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated a reliable estimate of costs cannot be projected. We strongly recommend having a drive thru and two production lines. The lower estimated amount assumes you are leasing an existing structure and will not have a drive thru and only 1 production line. the higher estimated amount assumes that you are leasing an existing structure and will have a drive thru and 2 production lines. Sometimes you may receive a construction allowance from the landlord or you may lease a location which was already built out as a restaurant and if so, the costs may be reduced accordingly.

Note 4. Equipment/Furniture/Fixture/Smallwares. These costs include the security system, all of the furniture and fixtures for the Cafe as well as the smallwares, wall décor and menus. The costs shown are for all new equipment. The cost is turnkey, including installation. Also included is the cost for the purchase of the POS computer system. There is a leasing option available which will lower the cost in this item. The lower amount assumes you have 1 production line and the high amount assumes you have 2 production lines.

Note 5. Licenses, Dues, Deposits, etc. These amounts represent the business license and estimated utility deposits. The amount of your actual utility deposits will vary depending on the size of your Cafe, the number of utilities your landlord requires you to pay and the number of utility companies that require a deposit. Usually, a landlord will require you to pay all utilities servicing your Cafe. Typically, utility providers require a deposit equal to 1 month's average charge for that utility. These estimates are based on locations in and around Columbia, Missouri.

Note 6. Inventory/Supplies. These amounts represent the inventory, including all food costs, you will need. This includes the items you purchase from us listed in Item 5.

Note 7. Insurance. These amounts represent 25% of the annual premium for the required insurance. Many insurance companies will require you to pay this amount prior to opening and allow you to pay the remainder in monthly payments throughout the year. The type of insurance you are required to maintain is described in Section IX. H. of the Franchise Agreement. Typically, the annual premiums will range from \$15,000 to \$18,000 per year.

Note 8. Additional Funds. This item estimates your expenses during the initial period of operation of the Cafe (other than the items identified separately in this table). These expenses include estimated rent, payroll costs, benefits, utilities, additional inventory requirements, supplies, etc., but do not include Royalty Fees, Advertising Fees or an owners' draw or salary. These figures are estimates, and you may have additional expenses in order to start the business. Your costs will depend on factors similar to these: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and sales level reached during the initial period.

Note 9. Total. Costs and expenses can vary depending on factors like local real estate values, cost of labor and supplies. These figures were based on the experience of the Pickleman's Gourmet Cafe restaurants dating back to 2005, and the expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. Your financial condition and arrangements negotiated by and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this document.) The availability of financing will depend upon various factors like the availability of financing generally, your credit worthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Cafe according to our System. In order to ensure that the System is uniformly maintained, we have established standards and specifications for you to follow which are described in the Confidential Operations Manual. Therefore, you are required to purchase all products, services, supplies, inventory, equipment, materials, computer systems and other items required for the operation of the Cafe from manufacturers, suppliers, or distributors we approve, or from other suppliers who meet our specifications and standards. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention, as well as payments, contributions, or other consideration to us, our affiliates, any advertising fund and/or otherwise, and may be temporary, in each case in our reasonable discretion. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in its reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of the decor and products sold to customers. Approved suppliers will be designated in the Confidential Operations Manual or some other writing delivered to you. We may modify the list of approved brands, products and suppliers, and will notify you, in writing, of any modification.

If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient

photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise you within a 45-day period whether these goods, products, equipment or supplies meet our specifications. We may require samples from alternate suppliers to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a charge not to exceed the actual cost of the test made by us or by an independent testing laboratory designated by us. We may require your proposed supplier to execute a confidentiality agreement regarding the product.

Currently, all the Pickleman's Gourmet Cafe restaurants are required to use Coca-Cola products. You may purchase Coca-Cola products from any authorized Coca-Cola distributor. We reserve the right to modify this policy and substitute other products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Confidential Operations Manual. Any purchases from us or our affiliates will generally be at prices exceeding our or our affiliate's costs. One of our owners also owns The Relish Jar which may provide marketing services to us and our franchisees. We are the sole supplier for salt blocks that you must purchase prior to opening. We are the sole supplier of gift cards and gift card sleeves. We are also an approved, but not a required supplier, for branded apparel, stickers, ~~ups water bottles, koozies, stress balls, gift cards,~~ gift card displays, and ~~gift card sleeves~~assorted promotional items. Otherwise, currently, other than us, there is no designated supplier that is owned, in whole or in part, by any of our officers, but our officers reserve the right to do so in the future.

We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates to us or our affiliates under these contracts. You may or may not find the contracts to your advantage ~~and may elect to participate or not to participate in them.~~ We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier, and/or receive revenues, rebate, commissions or other benefits from purchases made by our franchisees.

The purchase of products from approved sources will represent approximately 7% of your overall purchases in opening the franchise and 36% of your overall purchases in operating the franchise. During the fiscal year ended December 31, ~~2023~~2024, we received approximately ~~\$169,743.17~~170,286.30 in rebates from Hormel Foods, Performance Food Group (PFG), Buyers Edge Platform LLC, Ohio Pizza Products, ~~Dining Alliance,~~ NSP, Coca-Cola, and Dr. Pepper based on sales to our franchisees, of this total approximately ~~\$12,951.04~~32,980.62 was distributed back to our franchisees. During the ~~2023~~2024 fiscal year, our revenue from franchisees purchases was approximately ~~\$54,100~~27,749.67 or approximately ~~4.56~~0.71% of our total revenues of ~~\$3,473,481.90~~3,920,744.21.

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in greater detail in Section IX.H in the Franchise Agreement. You will at all times maintain at your sole expense the minimum amounts and types of insurance: (i) a commercial comprehensive general liability insurance policy with coverage of at least \$2,000,000 aggregate and \$1,000,000 per occurrence; (ii) \$1,000,000 product aggregate; (iii) automobile liability insurance with minimum coverage of \$1,000,000 per occurrence (including hired and non-owned vehicle coverage for

your employees); (iv) ~~\$1,000,000~~100,000 employment practices liability insurance; (v) ~~\$250,000~~50,000 cyber security insurance; (vi) greater of \$100,000,000 workers' compensation insurance for your employees or the amount as required by applicable law; and (vii) special form coverage insurance covering the building and the other improvements on the leased premises and any contents to the extent of not less than 100% of replacement value; and (viii) umbrella liability insurance in the minimum amount of ~~\$2,000,000~~1,000,000. We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party on a primary and non-contributory basis and with waiver of subrogation rights. You are required to provide us with a certificate of insurance on an annual basis or upon our request.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement, ADA 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 (References to ADA in italics)	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Section III of the Franchise Agreement <i>Section I of the ADA</i>	Items 6 and 11
(b) Pre-opening purchases/leases	Sections IX.A and D of the Franchise Agreement	Item 8
(c) Site development and other pre-opening requirements	Sections IX.A and III of the Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section VIII of the Franchise Agreement	Item 11
(e) Opening	Section IX.A of the Franchise Agreement	Item 11
(f) Fees	Section VI of the Franchise Agreement <i>Section IV of the ADA</i>	Items 5 and 6
(g) Compliance with standards and policies/Operations Manual	Section IX.D of the Franchise Agreement	Item 11
(h) Trademarks and proprietary information	Sections X of the Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section IX.D of the Franchise Agreement	Item 16
(j) Warranty and customer service requirements	Section IX.D of the Franchise Agreement	Item 16
(k) Territorial development and sales quotas	Section II.B of the Franchise Agreement <i>Section II of the ADA</i>	Item 12
(l) Ongoing product/service purchases	Section XIV of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections IX.L and IX.O of the Franchise Agreement	Item 11
(n) Insurance	Section IX.H of the Franchise Agreement	Items 6 and 8
(o) Advertising	Section VII of the Franchise Agreement	Items 6 and 11
(p) Indemnification	Section XVIII of the Franchise Agreement	Item 6

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (References to ADA in italics)	DISCLOSURE DOCUMENT ITEM
(q) Owner’s participation/management/ Staffing	Section IX.G of the Franchise Agreement	Items 11 and 15
(r) Records/Reports	Section IX.M of the Franchise Agreement	Item 6
(s) Inspections/audits	Section IX.I of the Franchise Agreement	Items 6 and 11
(t) Transfer	Section XVI of the Franchise Agreement <i>Section VI of the ADA</i>	Item 17
(u) Renewal	Section V.B of the Franchise Agreement	Item 17
(v) Post-termination obligations	Sections XI., XII and XIII.C of the Franchise Agreement	Item 17
(w) Non-competition covenants	Section XII of the Franchise Agreement	Item 17
(x) Dispute Resolution	Section XVIII of the Franchise Agreement <i>Section VIII of the ADA</i>	Item 17

ITEM 10

FINANCING

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

ITEM 11

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

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

Before you open the Cafe, we will:

- (1) Designate your Assigned Territory (Franchise Agreement - Section II.B and Exhibit I.)
- (2) Approve or disapprove a site for your Cafe. We do not currently own sites for leasing to franchisees. (Franchise Agreement – Section III.A) Our consent to a particular site is not to be regarded as an endorsement by us of any particular site, nor will it constitute a warranty by us as to the future success of the Pickleman’s Gourmet Cafe restaurant at the location. You are primarily responsible for investigating the site and having any leases or sale contract for the site reviewed and approved by your attorney.

We will provide you with our [general](#) site selection criteria for a Pickleman’s Gourmet Cafe. The site must meet our criteria for demographic characteristics: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; foot traffic; daytime business population; size; appearance; and other physical and commercial characteristics. We will approve or disapprove a location you propose within 30 days after receiving your description of the site and all demographic information we require in order to evaluate the site. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. If

you and we cannot agree upon a location for your Cafe and you fail to open within 1 year after signing the Franchise Agreement, we may terminate the Franchise Agreement.

If you intend to lease a site, you will submit a copy of the proposed lease to us, within 30 days of our consent to the site. Within 10 days of execution of the lease, you shall provide us a copy of the executed lease. The lease must include substantially the terms in the Addendum to Lease which is Exhibit II of the Franchise Agreement. You must also sign a Collateral Assignment of Lease which is Exhibit III of the Franchise Agreement whereby you agree to assign your rights to the lease to us in the event of a termination or expiration of this Agreement or a default under the lease.

If you intend to own the site, you will furnish to us proof of ownership or an executed sale contract within 90 days after we consent to the site. You shall create a separate entity to own the site and then lease the site to you at its full rental value and on commercially reasonable terms for the term of the Franchise Agreement.

- (3) Provide suggestions for layout and design of the Cafe (Franchise Agreement – Section VIII.E);

We will provide a prototypical suggested design for your Café. Any such suggestions will not include the requirements of any federal, state, or local law, code, or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor shall such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific cafe. You will construct the Cafe in accordance with specifications and plans prepared by you based upon our standards, subject to our right to consent. The cost of plans and specifications shall be borne by you. Our consent shall be limited to review of such plans to assess compliance with our design standards for Pickleman’s Gourmet Cafe restaurants, including such items as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the functioning of the Cafe.

- (4) Provide approved suppliers or specification for the products and services you need to equip your Cafe (Franchise Agreement – Section XIV);

We Except for salt blocks, gift cards, and gift sleeves, we do not provide any products or services directly, but only provide you with the names of approved suppliers and the written specification for these items. We Except for salt blocks, which we deliver but do not install, we do not deliver or install any of these items.

- (5) Provide an initial training program for the operation of the Cafe to you and your designated manager. This training is described in greater detail later in this Item 11 (Franchise Agreement – Section VIII.A).

- (6) Loan you a copy of the Confidential Operations Manual (Franchise Agreement - Section XV);

This Confidential Operations Manual, which may be in a format determined by us (i.e., in writing, on CD-Rom, via electronic media through a secure website, etc.) (“Manual”) is confidential and remains our property. You will operate your Cafe in strict

compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments thereto, (the “Supplements”) all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our affiliate for use in the operation of the Cafe, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within the Cafe. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit C to this disclosure document. The Manual is over 117 pages in length.

Time for Opening the Franchised Business.

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of a Pickleman’s Gourmet Cafe is between 6 and 8 months. Factors affecting the length of time usually include obtaining a satisfactory site, zoning and governmental requirements, financing arrangements, building improvements, and purchase and installation of equipment, fixtures, and signs. The opening of the Cafe may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You are required to use your best efforts to cure any of these delays and any of these delays in opening shall only be for a period of days equal to the number of days during which the events actually prevent completion. You must notify us of any delay promptly. If you fail to open the Cafe within 1 year of signing the Franchise Agreement, we may terminate the Franchise Agreement.

You may open a Unit under an ADA only by signing a Franchise Agreement for that Unit. You will sign a Franchise Agreement for the first Unit at the same time you sign the ADA.

During the Operation of your Cafe, we will:

- (1) Provide on-site opening assistance, consisting of at least 1 person, for a period of 10 days as described in greater detail later in this Item 11, subject to your experience (Franchise Agreement – Section VIII.C).
- (2) Furnish you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee (Franchise Agreement - Section VII.D).
- (3) Continue to loan you one copy of the Manual (Franchise Agreement – Section XV).

ADVERTISING

Advertising Fund

You must contribute a weekly Advertising Fee of ~~2.75%~~ 3% of your Gross Sales to the marketing and advertising fund maintained and operated by us (the "Advertising Fund"). We have the right to increase the amount of the Advertising Fee as described in Item 6 above. We agree that the Advertising Fees received from you will be made available for the payment of all costs associated with the creation, production, research, maintenance, upgrading, updating, distribution, media placement and administration of local, state, regional or national advertising programs and for any taxes incurred on these funds. The Advertising Fund is intended to maximize recognition of the Marks and the patronage of the Pickleman's Gourmet Cafes. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Pickleman's Gourmet Cafes, we do not ensure that the Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Advertising Fund contributions by Pickleman's Gourmet Cafes operating in that geographic area or that any Pickleman's Gourmet Cafe benefits directly or in proportion to its Advertising Fund contributions. We may use the Advertising Fund Contributions to conduct national, regional and local advertising, marketing, customer surveys, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, newspaper, radio, television, internet, text messaging, electronic and billboard advertising, e-commerce and website activities, providing market intelligence through analytics to the System, and employing advertising and marketing agencies. We have the right to determine the type of advertising and the media in which it will be utilized. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. We do not have to spend the Advertising Fund contributions during any specific time period. Advertising may be handled by the outside advertising agency which we select. The Advertising Fund will not be used for the sale, promotion, travel and other expenses that are principally for the solicitation of new franchises, except that we will use portions of the Advertising Fees towards the costs of websites we may maintain, which websites may contain information about our franchising programs. Unaudited financial statements of the Advertising Fund will be made available to franchisees on reasonable request. If we do not use all of the Advertising Fund contributions in a particular fiscal year, the remaining contributions will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Advertising Fund to cover our administrative and overhead expenses associated with operating the Advertising Fund. All franchisees and any affiliate-owned Pickleman's Gourmet Cafe will contribute to the Advertising Fund on an equal basis.

Currently we sell the following items to our franchisees although we are not the sole supplier of these items: branded apparel, logo decals for Cafe doors, ~~doorknob bags~~, sign holders, interior store signs and displays, gift card displays and promotional items. We are the sole supplier of salad and catering stickers, ~~patio umbrellas and~~ gift cards, ~~gift card displays~~ and gift card sleeves. If we sell these items to our franchisees the income and expenses (COGS) are booked through the Advertising Fund. In this way, any profit generated by the sale of these items to franchisees becomes a part of the Advertising Fund and is used for the benefit of the entire franchise system. We have the right to modify or discontinue this practice at any time.

The Advertising Fund is not our asset. The Advertising Fund is not a trust. We have a contractual obligation to hold all Advertising Fund contributions for the benefit of the contributors and to use the contributions only for their permitted purposes as described above. We have no fiduciary obligation to you for administering the Advertising Fund. During our prior fiscal year ended ~~2023~~2024, ~~42.59~~48.21% of the expenditures from the Advertising Fund was for media placement and printed materials, ~~48.97~~44.24% was for production (primarily this portion includes the payroll expenses for

Pickleman's Franchising staff who produce marketing materials and or work on marketing plans and efforts directly or indirectly with franchisees) and ~~8.45~~7.54% was for administrative expenses and travel expenses attributed to direct marketing efforts. We do not have a franchisee advertising advisory council that advises us on advertising policies. We do however currently have a small group of franchisees who make up part of our informal marketing board in an advisory capacity only. We may offer franchisees in our sole discretion to participate in our marketing board, and we may revoke their ability to do so at any time in our sole discretion.

Your Own Advertising.

In addition to your required contributions to the Advertising Fund, you must spend for advertising and promotion of your Cafe an amount equal to or greater than 2% of your Gross Sales. You must have proof of your expenditures if we request to review your books and records. You must submit all of your own advertising and sale promotion materials to us, or our advertising agency, for approval before use. If you do not receive written disapproval within 20 days after we receive the materials, we will be deemed to have given approval. You will not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You may not advertise your products or services or use the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us.

If we require, you agree to participate with other Pickleman's Gourmet Cafe restaurants in placing advertisements in the print or online directories that cover your Assigned Territory, and you will pay for your proportionate share of the cost for the directory advertising or other similar publication. Directory advertising costs must be paid in addition to the amounts payable to the Advertising Fund. You agree not to distribute individual advertising items (i.e., coupons, circular advertising, etc.) outside of your Assigned Territory, unless you use a form of advertising which is not programmed to restrict to the Assigned Territory, like direct mail advertising by outside contractors based on zip code.

You may not advertise or use any of the Marks on the Internet. We maintain the web site www.picklemans.com. We may provide contact information for the Cafe on our web site for so long as we determine. Further, you shall not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name or in the content of any World Wide Web Site.

Internet and Other Electronic Advertising

We have established an Internet website, www.picklemans.com which we control. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Cafe on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social media outlet. We have the right to cease granting you permission to operate any such social media outlet at any time. Except as otherwise provided, you may not maintain a presence on the Internet for your Cafe. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us. We may require you to place all such electronic advertisements with us or our designated third party vendor.

Grand Opening Advertising.

In addition to the other advertising requirements, you must spend a minimum of \$4,000 for grand opening advertising and sales promotions within 60 days of the Cafe opening. Additionally, you must

provide to us, within 90 days after the opening of the Cafe, proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

Local Advertising Cooperative.

Currently we do not operate or authorize any local or regional advertising cooperatives. However, we reserve the right to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to require your participation in any advertising cooperative we form. If formed, you may be required to pay reasonable fees to fund the local or regional advertising efforts you are required to join. Those fees may be in addition to any other fees described in this disclosure document.

COMPUTER SYSTEM

You are required to purchase a P.O.S. computer system by SpotOn (“Computer System”). The Computer System is based on a 4-terminal system, but more terminals may be required depending on your Cafe’s layout. The Computer System consists of an IBM compatible workstation with flat panel LCD touch screens, and printers. You will be required to enter into a software license agreement with SpotOn for the use of their Enterprise Management software. The Computer System will be connected to the Internet through a modem, and you will be required to participate in SpotOn’s online ordering service. For a typical 4 terminal system, you will pay approximately \$4,275 to purchase the hardware. You will pay approximately \$2,450 for installation and training. The monthly software fee will be approximately \$310. The monthly mobile app fee is \$39. Communications cabling and power protection may be purchased at additional cost. SpotOn will be responsible for maintenance and upgrades for the Computer System. We also currently require you to use and pay us for our designated CRM software, which helps with social media management and engagement, and currently costs \$53 per month (but we may use a portion of the Advertising Fund to help offset a portion of this monthly expense). You are also required to use and pay us for our designated training software, which currently costs \$95 per month. Moreover, you are currently required to use our or a designated third-party inventory management software (currently \$175 per month) and task management software (currently \$80 per month).

We may revise our specifications for hardware and software as we determine necessary to meet the needs of the System and there is no contractual limitation on our ability to require the hardware or software to be improved or upgraded. We reserve the right to require different or additional software programs and hardware at any time in the future and you will be responsible for the cost of any new, modified or updated programs and the hardware.

The types of business information which will be collected by the Computer System will be sales reports by category, department, menu item, inventory, waiter, cashier, lunch, dinner and hour on a daily and weekly basis. We will have independent access to information or data in the Computer System. We have no contractual obligation to upgrade or update any hardware or software. We are not obligated to provide or assist you in obtaining the above item or services. In the future, you may be required to change, upgrade or modify the type of computer hardware and software you must use at your expense (i.e. Web-Based reporting solutions.) Internet service may be required to make your Computer System accessible for web-based solutions.

TRAINING PROGRAMS

We or our representatives or agents will provide the following training to you and 1 designated manager. Satisfactory completion of the training is mandatory for you and your designated manager

before you open your Cafe. However, if you will not actually manage your Cafe, then we will require completion of the training for you and 2 designated managers to ~~our~~ [our](#) satisfaction before you open your Cafe. We may charge you our then-current fee for additional trainees for this second designated manager to attend initial training. If the franchisee currently operates a Pickleman’s Gourmet Cafe restaurant, the training program is not mandatory, unless we deem it necessary.

The initial training program will most likely take place in an existing Pickleman’s Gourmet Cafe restaurant for a period of approximately 6 weeks. We do not charge for the initial training program for you and 1 designated manager, but you are responsible for wages, travel, and living expenses for you and your employees during training. We expect that training will be conducted for you and your employees after the Franchise Agreement has been signed and while the Cafe is being developed. There currently are no fixed (i.e. monthly or bi-monthly) training schedules but the training programs are given on an as-needed basis.

We will, at our expense, also provide on-site, opening assistance, consisting of at least 1 person, for a period of 10 consecutive days, at your Cafe location. On site, store opening training is conducted as follows: (a) 2 days prior to the scheduled Cafe opening for a “dry run” and, (b) 8 days after the scheduled opening of your Cafe. If the franchisee currently operates a Pickleman’s Gourmet Cafe restaurant, we may, but are not required to, provide the on-site assistance to you.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Opening procedures	20 Hours		Existing Pickleman’s Gourmet Café *
Shift change procedures	60 Hours		Existing Pickleman’s Gourmet Café *
Closing procedures	90 Hours		Existing Pickleman’s Gourmet Café *
Positional Skills	30 Hours		Existing Pickleman’s Gourmet Café *
Food safety	10 Hours		Existing Pickleman’s Gourmet Café *
Slicer Procedures	20 Hours		Existing Pickleman’s Gourmet Café *
Food cost analysis and problem solving	20 Hours		Existing Pickleman’s Gourmet Café *
Labor budgeting, recruitment	10 Hours		Existing Pickleman’s Gourmet Café *
Administrative Functions	5 Hours		Existing Pickleman’s Gourmet Café *
Coaching and developing people	30 Hours		Existing Pickleman’s Gourmet Café *
Sampling and Marketing Plan	5 Hours		Existing Pickleman’s Gourmet Café *
In Store work		100 Hours	Existing Pickleman’s Gourmet Café *
TOTAL	300 Hours	100 Hours	

*We will attempt to have training close to your location but cannot guarantee it.

Note that some subjects may be intermingled, and time periods and subject matter may be subject to change. The hours listed for On the Job will typically include more than one subject matter. It is the nature of the restaurant business that all aspects of training are integrated. The above are merely estimates. The Subject labeled as “In Store Work” requires a trainee to participate in 100 hours of further restaurant experience at a Pickleman’s Gourmet Café.

Training is conducted by our operations team or by our designees that we have certified to be trainers. Our Chief Operating Officer is Kenneth (Ken) Rice. Ken has worked in the food industry for over 30 years. He has worked in a variety of different restaurant staff roles, as well as many restaurant and above-restaurant level leadership positions in casual dining to QSR. Ken worked as a Training General Manager, District and Regional Leader and as a Chief Operating Officer for one of the top franchises in the Wendy’s system. He has been instrumental in developing training and development

systems throughout his career. As the Chief Operating Officer, Ken will oversee all training to ensure that Pickleman's will constantly have best in class training for our new and existing franchisees and their teams.

Training is also conducted by Steven Humble. Steven Humble has over 25 years' experience in the restaurant foodservice industry and a Bachelor of Science degree in Hotel, Motel, & Restaurant Administration. Steven has held positions as a Food & Beverage Director, Assistant General Manager, Restaurant Manager and District Sales Manager. Since joining Pickleman's Franchising, LLC, he has worked and trained with both owner and founder, Doug Stritzel, and our former Director of Operations. Within the company, Steven is the Director of Operations and previously worked as an Area Franchise Representative and as an integral part of the Corporate Operations team.

If any designated manager of your Cafe is no longer willing or able to exercise day-to-day control over your Cafe, you must designate a new designated manager, who must attend our initial training program at your sole cost and expense within 30 days after the time this person is designated a designated manager. You are solely responsible for the costs and expenses associated with your designated manager's attendance at this initial training, including the then prevailing standard rates charged by us for additional attendees at the initial training and all travel, meals and lodging costs and compensation of, and workers' compensation insurance for your new designated manager.

We may also provide refresher programs to experienced managers. Such programs are not mandatory at this time, but may be in the future. We may elect to charge a reasonable fee, up to \$1,000 per person per day, for any training provided after the opening of the Cafe. You are solely responsible for paying the compensation of your trainees as well as your trainees' and our representatives' travel, lodging and personal expenses. The location, duration, and content of such refresher training programs have not been determined yet.

ITEM 12

TERRITORY

FRANCHISE AGREEMENT

You must operate your Cafe at a specific location identified in the Franchise Agreement. You may not conduct business at any site other than the Cafe. You may not relocate the Cafe without our written consent that we will not unreasonably withhold. The Assigned Territory will be determined when we both agree on the site as described in Exhibit I of the Franchise Agreement. Your Assigned Territory will be tailored to your specific site's demographics (there is no minimum geographic territory). Typically, your Assigned Territory will be between a 1 ¼ to 2 mile radius around your Cafe unless you are in a densely populated area or a rural area. If you are in a rural area, your Assigned Territory may be much larger and if you are in a densely populated area, such as in a downtown metropolitan area, your Assigned Territory may be smaller.

So long as the Franchise Agreement is in force and you are not in default under it or any other agreement with us or any affiliate of ours, neither we nor our affiliates will own or operate or franchise or license others to own or operate a Pickleman's Gourmet Cafe, within the Assigned Territory, other than in a Non-Traditional Location. A "Non-Traditional Location" is a location that is in a transportation facility, a sporting facility, a shopping mall, an educational facility or a military facility. A Non-Traditional Location is not considered part of the Assigned Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Pickleman's Gourmet Cafes, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate

whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Pickleman's Gourmet Cafes immediately adjacent to your Assigned Territory or anywhere outside of your Assigned Territory; (2) the right to operate or license other to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Assigned Territory; (3) the right to operate or license other to operate businesses that are not similar to a Pickleman's Gourmet Cafe under the Marks in any location, both inside or outside of your Assigned Territory; and (4) the right to offer any products or services (including the products and services you offer at the Cafe) through other channels of distribution (including grocery stores, the Internet and other non-restaurant outlets) both inside and outside of your Assigned Territory. We are not required to pay you if we exercise any of the rights specified above inside your Assigned Territory.

You are prohibited from distributing individual advertising items (i.e., coupons, circular advertising, etc.) outside of the Assigned Territory, unless you use a form of advertising which is not programmed to restrict delivery to the Assigned Territory, like direct mail advertising by outside contractors based on zip code. You are prohibited from soliciting customers outside of the Assigned Territory through the Internet without our prior consent and on terms we specify. So long as we determine that you can provide prompt, quality and efficient services to the area, you are permitted to make deliveries outside of your Assigned Territory if the place of delivery is not within the assigned territory of any other Pickleman's Gourmet Cafe. However, you must immediately cease making deliveries to this area if it becomes an assigned territory of a Pickleman's Gourmet Cafe. You have no territorial protection in any area outside of your Assigned Territory. Except as described above in this paragraph, we do not restrict you from soliciting or accepting orders from outside the Assigned Territory, but you do not have the right to use other channels of distribution to make sales outside of the Assigned Territory.

You do not receive the right to acquire additional franchises either within or outside your Assigned Territory, but we may consider granting you multiple franchises. You must sign a separate Franchise Agreement, however, for each franchise and each Pickleman's Gourmet Cafe.

Although we and our affiliates have the right to do so, neither we nor our affiliates have owned, operated or franchised, and have no plans to own, operate or franchise, other businesses selling similar products or services under trademarks or service marks other than the Marks.

We and our affiliates have the right to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and either we, our affiliates or our successor have the right to operate, franchise or license those businesses and/or facilities as "Pickleman's Gourmet Cafe" restaurants operating under the Marks or any other marks following that purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Assigned Territory, near your Assigned Territory, or near any of your locations).

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 we control. Continuation of your franchise or your territorial protection is not dependent upon sales quotas, market penetration or opening additional locations; however, your territorial protection is dependent upon your compliance with the Franchise Agreement.

AREA DEVELOPMENT AGREEMENT

Under the ADA, you are granted the right to develop and operate Pickleman's Gourmet Cafe restaurants solely in a specified Development Area, which may be one or more cities, counties, states or some other defined area. During the term of the ADA, we may not own, operate franchise or license any other Pickleman's Gourmet Cafe restaurants in your Development Area, other than in a Non-Traditional Location. A Non-Traditional Location is not considered part of the Development Area. Until the termination, expiration or transfer of the ADA, you retain your right of exclusivity as long as you comply with the Development Schedule (Attachment B of the ADA). If you fail to meet any of your obligations under the ADA, including compliance with the Development Schedule, or breach any Franchise Agreement executed by you pursuant to the ADA, we may terminate your right to develop, open and operate new Units within the Development Area. However, the termination of the right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of your ADA, we may own, operate, franchise or license others to operate additional Units anywhere, without restriction, including in your Development Area, except for any Assigned Territories under your Franchise Agreement(s) which remain in effect.

Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Pickleman's Gourmet Cafes, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Pickleman's Gourmet Cafes immediately adjacent to your Development Area or anywhere outside of your Development Area; (2) the right to operate or license other to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; (3) the right to operate or license other to operate businesses that are not similar to a Pickleman's Gourmet Cafe under the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at the Cafe) through other channels of distribution (including grocery stores, the Internet and other non-restaurant outlets) both inside and outside of your Development Area. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

You have no options, rights of first refusal or similar rights to acquire additional franchises except as provide in the ADA.

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 we control. Under the ADA, the continuation of your territorial exclusivity is dependent upon your compliance with the Development Schedule, as described above.

ITEM 13

TRADEMARKS

We grant you the right to operate your Cafe under the Marks. The principal Marks are:

Mark	Registration Date (Application Date)	Registration Number (Serial Number)
Pickleman's	August 22, 2006	3134420
Pickleman's Gourmet Cafe and design	July 10, 2007	3260869

Mark	Registration Date (Application Date)	Registration Number (Serial Number)
Whole Lotta Love One Big Pickle	July 12, 2011	3993930
What's Inside Matters Most	December 19, 2023	7248640
Whole Lotta Love	(November 29, 2022)	(97695407)

The Marks are owned by Holdings. The Marks listed above are registered on the Principal Register of the United States Patent and Trademark Office (“PTO”). All affidavits or renewal filings that were required to be filed have been filed in connection with these registrations.

We do not have a federal registration for “Whole Lotta Love”. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Under a license agreement with Holdings dated in July 2008, Holdings has licensed us to use the Marks and to sublicense the Marks to our franchisees to use in operating Pickleman’s Gourmet Cafes. The license agreement has a term of 50 years, but either we or Holdings may terminate it with 30 days’ notice to the other if there is a default which is not cured. However, if there is a default that is not cured under the license agreement and the agreement is terminated, Holding will still allow you to use the Marks until the end of the term and any renewal term of your Franchise Agreement.

There are no agreements which significantly limit our right to use or license the use of the Marks in the United States.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks at the Cafe. You must follow our rules when you use the Marks. You cannot use any of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We will have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no special patents which pertain to the System.

We or our affiliates have copyright rights in the Manual, sales material and brochures, and related items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating the Cafe.

There currently are not effective adverse determinations of the PTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the system's best interest.

Although neither we nor any of our affiliates have filed an application for a copyright registration for these materials, we have copyright rights and the information is proprietary. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information in a manner we think is appropriate.

The Franchise Agreement provides that all ideas, concepts, techniques, or materials concerning your Cafe, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item. In the event that these requirements are found to be invalid or unenforceable, the Franchise Agreement provides that you and your owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of such ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a Pickleman's Gourmet Cafe restaurant, are our proprietary, confidential trade secrets, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason.

Further, under the Franchise Agreement, you agree that you shall not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Cafe) or after its expiration transfer or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You also agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF YOUR BUSINESS

Although you are not required to personally participate in the day-to-day management of the Cafe, we recommend that you do, and no matter what your participation in management is, you are required to devote your best efforts to the operation of the Cafe. If you personally participate in the day-to-day operation of the Cafe, then you must hire 1 additional person to serve as your designated manager, and both you and this designated manager must successfully complete our initial training program. However, if you will not actively participate in the management of your Cafe, then you must hire 2 designated managers, and each of you and the 2 designated managers must successfully complete our initial training program. At all times during the operation of your Cafe, there must be at least 2 people who have completed our initial training program or are otherwise certified by us to manage a Pickleman's Gourmet Cafe restaurant. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Cafe.

At our request, your officers, directors, shareholders, partners, members, owners, their respective spouses and all managerial employees must sign the Non-Competition and Confidentiality Agreement attached to the Franchise Agreement as Exhibit IV. All owners of any entity franchisee and their spouses must also sign a Guaranty and Assumption of Obligations in the form attached to the Franchise Agreement assuming and agreeing to discharge all of your obligations under your Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved. We have the right to change the types of required and/or authorized products and services and you will be notified by a bulletin or supplement to the Manual. You are prohibited from offering or selling any products or services not authorized or approved by us and from using the premises for any other purpose than the operation of a Pickleman's Gourmet Cafe restaurant in compliance with the Franchise Agreement. In our discretion, we may approve or deny your request to eliminate some or add other menu items. To the extent permitted by applicable law, we may set the prices at which you sell your products and services. You will be required to add such equipment and make such alterations, at your expense, as may be necessary to equip the Cafe for sale of such products as we may require. You may need to make an additional investment to do so.

We require you, if permitted by applicable law, to participate in various programs and activities with other Pickleman's Gourmet Cafe restaurants, including programs in which customers place orders via the Internet or cellular telephone "text messaging" and any gift card or loyalty program we or our affiliates may establish from time to time, in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate in these programs and activities, you may be required to purchase additional equipment and pay applicable fees associated with the purchase, installation and training for this equipment. If we establish a gift card program, we have the right to determine how fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

You are not permitted to solicit business through the distribution of individual advertising items, such as coupons and circular advertising outside of your Assigned Territory, without our consent.

Other than as described in this Item, we do not impose any restrictions or conditions that limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT AND OTHER AGREEMENTS	SUMMARY
a. Length of the franchise term	Section V of the Franchise Agreement Section III of the ADA	10 years from signing the Franchise Agreement. Your development rights begin on the date you sign the ADA and pay the Development Fee and terminate on the day you open the last Unit listed in the Development Schedule.
b. Renewal or extension of the term	Section V.C. of the Franchise Agreement	2 additional term terms for 5 years each subject to Section V.C of Franchise Agreement. No renewal or extension provided in the ADA.
c. Requirement for franchisee to renew or extend	Section V.C. of the Franchise Agreement	In Franchise Agreement: Give notice, sign new agreement that may contain terms and conditions materially different from those in your previous franchise agreement such as different fee requirements, sign release, remodel and pay fee of 25% of the then current initial franchise fee. Not applicable in the ADA.
d. Termination by franchisee	Section XIII.B of the Franchise Agreement	If we breach agreement and do not cure or attempt to cure after notice. No right for you to terminate the ADA.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Section XIII.A of the Franchise Agreement Section VII.A of the ADA	If you don't satisfactorily complete training, don't open within 1 year, or generally if you breach agreement. Generally, for a material breach of the ADA.
g. "Cause" defined- defaults which can be cured	Section XIII.A of the Franchise Agreement Section VII.A of the ADA	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Sect. XIII.A.3 If you materially breach any Franchise Agreement and do not cure such breach within the cure period provided for in that Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section XIII.A.3 of the Franchise Agreement Section VII.A of the ADA	Non-curable defaults: conviction of felony, abandonment, giving insufficient funds checks and bankruptcy. If you fail to meet the Development Schedule, you

PROVISION	SECTION IN FRANCHISE AGREEMENT AND OTHER AGREEMENTS	SUMMARY
		transfer or encumber your rights in violation of the ADA, you or your owner is convicted of a crime or you are bankrupt
i. Franchisee's obligations on termination/non-renewal	Section XIII.C of the Franchise Agreement Section VII.B of the ADA	Complete de-identification and payment of amounts due, return materials and Manual, direct transfer of phone and lease if requested. No rights to open additional Units; you must continue to operate the Units according to any existing Franchise Agreements that are not terminated.
j. Assignment of contract by franchisor	Section XVI.A of the Franchise Agreement Section VI.B of the ADA	No restrictions on right to assign. No restrictions on right to assign
k. "Transfer" by franchisee - defined	Section XVI.B of the Franchise Agreement Section VI.A	Transfer of contract or assets or ownership change. Transfer of contract or ownership change.
l. Franchisor approval of transfer by franchisee	Section XVI.B of the Franchise Agreement Section VI.A of the ADA	We have the right to approve all transfers. We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section XVI.B of the Franchise Agreement Section VI.A of the ADA	Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, release signed. Transferee qualifies, you pay all amounts owed to us and our affiliates, transfer fee paid, release signed, training of transferee, economically reasonable sale terms. We may require you to transfer all of the Units being operated by you.
n. Franchisor's right of first refusal to acquire franchisee's business	Section XVI.D of the Franchise Agreement	We can match any offer for your business or an ownership interest in you. Not applicable in the ADA.
o. Franchisor's option to purchase franchisee's business	Section XIII.D of the Franchise Agreement	After termination we can purchase your personal property at fair market value. Not applicable in the ADA.
p. Death or disability of franchisee	Section XVI.D of the Franchise Agreement	Heir must be approved but no right of first refusal Not applicable in the ADA.
q. Noncompetition covenants during the term of the franchise	Section XII of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us. Not applicable in the ADA.
r. Noncompetition covenant after the franchise is terminated or expires	Section XII of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us for 2 years within 10 miles of any Pickleman's Gourmet Cafe restaurant and the Cafe. Not applicable in the ADA.
s. Modification of the agreement	Sections XV and XIX.C of the Franchise Agreement	No modification generally but Manual and system subject to change.

PROVISION	SECTION IN FRANCHISE AGREEMENT AND OTHER AGREEMENTS	SUMMARY
	Section IX.L of the ADA	Amendments must be in writing and signed by you and us.
t. Integration/merger clause	Sections XV and XIX.C of the Franchise Agreement Section IX.L of the ADA	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Only the terms of the franchise agreement) are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section XIX.F of the Franchise Agreement Section VIII of the ADA	Except for certain claims, all disputes must be mediated and possibly arbitrated in Boone County, Missouri. Except for certain claims, all disputes must be mediated and possibly arbitrated in Boone County, Missouri.
v. Choice of forum	Section XIX.F of the Franchise Agreement Section IX.G of the ADA	Litigation in federal court or arbitration must be in Boone County, Missouri (subject to state law).* Litigation in federal court or arbitration must be in Boone County, Missouri (subject to state law).*
w. Choice of law	Section XIX.F of the Franchise Agreement Section IX.G of the ADA	Missouri law applies (subject to state law).* Missouri law applies (subject to state law).*

*If a state regulator requires us to make additional disclosures related to the information contained in this disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure document Exhibit D.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote this franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Our financial performance representation consists of actual ~~2023~~2024 average and median annual revenues of franchised Pickleman’s Gourmet Café restaurants in operation throughout the entire calendar year. The “Annual Gross Revenues” are all gross revenues minus coupons, discounts and taxes.

Table 1 –~~2023~~2024 Annual Gross Revenues for All Franchises

Table 1 provides the average and median Annual Gross Revenues for the franchised Pickleman’s Gourmet Cafes that were open for the entire ~~2023~~2024 calendar year. As of December 31, ~~2023~~2024, there were ~~2831~~ franchised Pickleman’s Gourmet Cafes. Table 1 provides the results of all ~~2728~~ franchised outlets that were open and operating during the entire ~~2023~~2024 calendar year. ~~One~~Three franchised ~~outlet was~~outlets were excluded from Table 1 because ~~it~~they opened in ~~2023~~2024 and ~~was~~were not operating for the entire ~~2023~~2024 calendar year.

	2023 2024 Annual Gross Revenues
Total Average	\$1,391,506 1,368,244.16
Total Median	\$1,264,433 1,272,595.01
Highest – Lowest in Range	\$4,369,185 4,354,315.08 to \$830,540 677,487.18

Of the ~~2728~~ franchised outlets included in Table 1, ~~seven~~ten (or ~~26~~36%) met or exceeded the average.

Table 2 –~~2023~~2024 Annual Gross Revenues for Franchises Open at Least Three Years

Table 2 provides the average and median Annual Gross Revenues for the ~~2223~~ franchised Pickleman’s Gourmet Cafes that were open and operating for at least three years as of December 31, ~~2023~~2024. Excluded from Table 2 are ~~six~~eight franchises because they were open and operating for less than three years as of December 31, ~~2023~~2024.

	2023 2024 Annual Gross Revenues
Total Average	\$1,459,104 1,415,057.45
Total Median	\$1,292,085 1,278,623.50
Highest – Lowest in Range	\$4,369,185 4,354,315.08 to \$830,540 677,487.18

Of the ~~2223~~ franchised outlets included in Table 2, ~~five~~eight (or ~~23~~35%) met or exceeded the average.

Table 3 – 2024 Annual Gross Revenue for Franchises by Quartile

Table 3 provides the average and median Annual Gross Revenues by quartile for the franchised Pickleman’s Gourmet Cafes that were open for the entire 2024 calendar year. As of December 31, 2024, there were 31 franchised Pickleman’s Gourmet Cafes. Table 3 provides the results of all 28 franchised outlets that were open and operating during the entire 2024 calendar year. Three franchised outlets were excluded from Table 3 because they opened in 2024 and were not operating for the entire 2024 calendar year.

	2024 Annual Gross Revenues			
	<u>Top Quartile</u>	<u>Second Quartile</u>	<u>Third Quartile</u>	<u>Bottom Quartile</u>

Total Average	\$2,044,814.78	\$1,343,565.74	\$1,163,795.54	\$920,800.56
Total Median	\$1,753,109.01	\$1,318,106.68	\$1,174,815.57	\$949,561.28
Highest – Lowest in Range	\$4,354,315.08	\$1,417,346.70	\$1,266,566.52	\$1,005,990.66
	to \$1,420,624.93	to \$1,278,623.50	to \$1,061,886.56	to \$677,487.18
# (and %) Met or Exceeded Avg.	1 (14%)	3 (43%)	4 (57%)	5 (71%)
# Outlets in Quartile	7	7	7	7

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

These statements have not been audited and may not be based on generally accepted accounting principles.

The actual average Annual Revenues figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from revenue to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you may incur in operating your Center. Franchisees and former franchisees listed in this disclosure document may be one source of this information.

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

Other than as described above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Doug Stritzel, Pickleman's Franchising, LLC, P.O. Box 467, Hallsville, MO 65255, (573) 442-8180, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE 1
SYSTEMWIDE OUTLET SUMMARY
For years ~~2021~~2022 to ~~2023~~2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	23	24	+1
	2022	24	28	+4
	2023	28	28	0
	2024	28	31	+3
Company-Owned*	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
	2024	1	1	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2021	23	24	+1
	2022	24	28	+4
	2023	28	29	+1
	2024	29	32	+3

*Affiliate-owned outlets.

TABLE 2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2021~~2022 to ~~2023~~2024

State	Year	Number of Transfers
Missouri	2021	2
	2022	0
	2023	0
	2024	5
Total	2021	2
	2022	0
	2023	0
	2024	5

TABLE 3
Status of Franchised Outlets
For years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arkansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Indiana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	0	0	0	0	0	0	1
Kansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	2	0	0	0	0	0	3
Missouri	2021	11	0	0	0	0	0	11
	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	1	0	10
	2024	10	0	0	0	0	0	10
Nebraska	2021	6	1	0	0	0	0	7
	2022	7	1	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Oklahoma	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	2	2	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	2	0	0	0	0	6
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total*	2021	23	1	0	0	0	0	24
Total*	2022	24	4	0	0	0	0	28
	2023	28	1	0	0	1	0	28
	2024	28	3	0	0	0	0	31

TABLE 4
Status of Company-Owned Outlets*
For years ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Missouri	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	1

* Affiliate-owned outlets.

Exhibit E lists the names, addresses and telephone numbers of all of our operating franchisees. Exhibit E also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

TABLE 5
Projected Openings As Of December 31, ~~2023~~2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arkansas	0	1	0
Oklahoma	2	2	0
Texas	2	23	0
Total	42	4	0

During the last 3 fiscal years, we may have signed confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit F are our audited financial statements for the years ending December 31, 2024, 2023, ~~2022~~, and ~~2021~~2022.

Also attached to this disclosure document in Exhibit F are unaudited statements if required.

ITEM 22

CONTRACTS

The following are attached to this disclosure document:

Exhibit A – Franchise Agreement

Exhibit B – Area Development Agreement

ITEM 23

RECEIPT

See Exhibit H.

EXHIBIT A
FRANCHISE AGREEMENT

**PICKLEMAN'S FRANCHISING, LLC
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

I.	DEFINITIONS.....	1
II.	GRANT OF FRANCHISE.....	2
III.	LOCATION AND LEASE.....	4
IV.	INITIAL FRANCHISE FEE.....	4
V.	TERM.....	5
VI.	FEES.....	5
VII.	ADVERTISING.....	6
VIII.	OUR GENERAL DUTIES.....	8
IX.	YOUR GENERAL DUTIES.....	9
X.	PROPRIETARY MARKS.....	13
XI.	CONFIDENTIAL INFORMATION.....	14
XII.	NON-COMPETITION.....	15
XIII.	DEFAULT AND TERMINATION.....	16
XIV.	SOURCES OF PRODUCTS.....	20 <u>19</u>
XV.	CONFIDENTIAL OPERATIONS MANUAL AND CHANGES.....	20
XVI.	TRANSFERABILITY OF INTEREST.....	21
XVII.	INDEPENDENT CONTRACTOR/INDEMNIFICATION.....	23
XVIII.	DISPUTE RESOLUTION.....	23
XIX.	MISCELLANEOUS PROVISIONS.....	25
XX.	YOUR WARRANTIES AND REPRESENTATIONS.....	28
XXI.	CAVEAT.....	29 <u>28</u>
XXII.	NON-LIABILITY OF OUR AFFILIATES.....	29
XXIII.	LIMITATION OF LEGAL ACTIONS.....	29

GUARANTY AND ASSUMPTION OF OBLIGATIONS

EXHIBIT I	ASSIGNED TERRITORY
EXHIBIT II	LEASE PROVISIONS
EXHIBIT III	COLLATERAL ASSIGNMENT OF LEASE
EXHIBIT IV	NON-COMPETITION AND CONFIDENTIALITY AGREEMENT
EXHIBIT V	IRREVOCABLE POWER OF ATTORNEY
EXHIBIT VI	FRANCHISEE QUESTIONNAIRE

**PICKLEMAN'S FRANCHISING, LLC
FRANCHISE AGREEMENT**

This Franchise Agreement is entered into this _____ day of _____, 20____, by and between PICKLEMAN'S FRANCHISING, LLC, a Missouri limited liability company ("us," "our," "we" or "PF"), and _____, a _____ ("you" or "your").

RECITALS

1. PF and its Affiliates (as defined below) have the rights to and have developed and refined the System (as defined below);
2. PF's Affiliate, Pickleman's Holdings, LLC ("Holdings"), licensed PF the right to license the Marks (as defined below) and the System in connection with the operation of a Pickleman's Gourmet Cafe restaurant;
3. You recognize the benefits from being identified with and licensed by PF and desire a franchise to establish and operate a Pickleman's Gourmet Cafe restaurant using the Marks and System and PF is willing to grant such a franchise on the terms and conditions in this Agreement.

NOW, the parties agree as follows:

I. DEFINITIONS

For purposes of this Agreement, the following terms will have the meaning as defined below:

- A. "Affiliates" means individually or collectively, any and all entities controlling, controlled by, or under common ownership with PF including Pickleman's, LLC, Big Dill Productions, LLC and Pickleman's Holdings, LLC. In this definition, "control" and similar terms means owning more than 50% of the voting interest in an entity.
- B. "Cafe" means the Pickleman's Gourmet Cafe restaurant which is the subject of this Agreement.
- C. "Competitive Business" means any quick service restaurant that specializes in soups, salads, toasted sandwiches and/or pizza.
- D. "Gross Sales" means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Cafe, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.
- E. "Marks" means such service marks, trademarks, trade dress, trade names, logos and commercial symbols, as may presently exist, or which may be modified, changed, or acquired by PF or its Affiliates, in connection with the operation of the business contemplated by this Agreement. Marks include "Pickleman's Gourmet Cafe" and design, "Pickleman's" and design, "Whole Lotta Love One Big Pickle", and "What's Inside Matters Most".
- F. "Non-Traditional Location" means a location that is a transportation facility, sporting facility, shopping mall, educational facility or military facility.

G. "Pickleman's Gourmet Cafe restaurant" means the Cafe and any other restaurant operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

H. "Principal Owner" means you if you are a sole proprietor, the majority shareholder of you if you are a corporation, a partner owning a majority interest of you if you are a partnership or a member owning the majority interest of you if you are a limited liability company. In the event there are multiple owners with equal interest in you, then you will designate 1 of these owners to be the Principal Owner for purposes of this Agreement.

I. "System" means a specially developed method of operating a quick serve restaurant under the Marks using certain procedures and methods, recipes, site evaluation criteria, layouts, accounting methods, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of a Pickleman's Gourmet Cafe restaurant as they may be changed, improved, modified and further developed by PF or its Affiliates from time to time.

J. "Term" means, individually or collectively the Initial Term, any Continuation Term and any Renewal Term of this Agreement.

K. "Transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Cafe, including: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) assignment of contract rights; or (h) sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Cafe, other than in ordinary course of business).

L. "You" or "Your" also includes: (a) those persons and their spouses owning any interest in you if you are a corporation or a limited liability company; (b) all partners and their spouses owning any partnership interest in you if you are a partnership; (c) the individual and his or her spouse who owns you if you are a sole proprietorship; (d) the guarantors of this Agreement; and (e) the Principal Owner. For purposes of determining ownership in you, the interests owned by a husband and wife will be considered one interest, and both husband and wife will be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

II. GRANT OF FRANCHISE

A. **Grant of License.** We grant to you and you accept from us, a non-exclusive right to use the System and Marks to open and operate one Pickleman's Gourmet Cafe restaurant to be located at the location listed in Exhibit I, attached to this Agreement (the "Site") during the Term of this Agreement. If no Site is specified at the time you and we sign this Agreement, an appropriate location will be specified when it is determined and you and we agree to initial a completed Exhibit I describing that location. In order for you to operate a Pickleman's Gourmet Cafe restaurant at an additional location, a separate Franchise Agreement must be signed and you will be required to pay us an additional initial franchise fee.

B. **Assigned Territory.** You are granted an Assigned Territory, which is described on Exhibit I attached to this Agreement. The Assigned Territory will be determined at the time the Site is agreed to by both parties, and will be specified in Exhibit I, which you and we will initial. During the Term of this Agreement so long as you are not in default, we and our Affiliates will not locate, operate, or grant a license or franchise for another Pickleman's Gourmet Cafe restaurant within your Assigned Territory other than in a Non-Traditional Location. A Non-Traditional Location is not considered part of the Assigned Territory, even if it is located within the geographic boundaries of the Assigned Territory. You are only permitted to make deliveries within your Assigned Territory. You may not make deliveries within the assigned territory of any other Pickleman's Gourmet Cafe restaurant. However, if we determine that you can properly service the area (including the ability to provide the same prompt, safe and efficient service as you are required to provide to customers within your Assigned Territory) adjacent to your Assigned Territory which is not within the assigned territory of another Pickleman's Gourmet Cafe restaurant, then you are permitted to deliver to that area. You, however, acknowledge that you have no territorial protection to do so and you may face competition from other Pickleman's Gourmet Cafe restaurants in such area. Upon our establishing a Pickleman's Gourmet Cafe restaurant in this area, which we are free to do at any time, you must immediately stop delivering in that area.

C. **Retention of Rights.** We, on behalf of ourselves and our Affiliates, reserve all rights not specifically granted to you pursuant to this Agreement, all without compensation to you, including but not limited to the following:

1. We and our Affiliates may own or operate, or license or franchise others to own or operate, Pickleman's Gourmet Cafe restaurants anywhere outside of the Assigned Territory and within the Non-Traditional Locations within and outside of the Assigned Territory.

2. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any businesses or restaurants within the Assigned Territory or outside of the Assigned Territory under trademarks or service marks different than the Marks.

3. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any business or restaurant within the Assigned Territory or outside of the Assigned Territory under systems that are different than the System.

4. We and our Affiliates may develop, merchandise, sell and license others to sell products bearing the Marks through other channels of distribution such as grocery stores, the Internet, print catalogues, direct marketing media and any other non-restaurant outlets within the Assigned Territory or outside of the Assigned Territory, and we may promote products bearing the Marks at special events, athletic contests, etc., through temporary locations and mobile units.

5. We and our Affiliates have the right, now or in the future, to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and we, our Affiliates or the successor has the right to operate, franchise or license those businesses and/or facilities as "Pickleman's Gourmet Cafe" restaurants operating under the proprietary marks or any other Marks following such purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Assigned Territory or close to your Assigned Territory or your Site).

6. We and our Affiliates may sell themselves, their assets, their proprietary marks, the Marks, their systems and/or the System to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be

acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above transfers, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof), the System and/or the loss of association with or identification of "Pickleman's Gourmet Cafe" as a franchisee under this Agreement. If we assign our rights in this Agreement, nothing will be deemed to require us to remain in the restaurant business or to offer or sell any products or services to you.

III. LOCATION AND LEASE

A. **Site Selection.** You will select the proposed site for the location of the Cafe and submit a completed site analysis package, including demographics and other material requested by us containing all information reasonably required by us to assess a proposed site. Within 30 days after receipt, we will advise you whether the proposed site is acceptable. We are not responsible for and do not make any warranty regarding the suitability of the Site. Our consent to a Site means only that the Site meets our minimum standards for an acceptable location of a Pickleman's Gourmet Cafe restaurant. You are primarily responsible for investigating the Site and having any leases or sale contract for the Site reviewed and approved by your attorney.

B. Site Acquisition.

1. **PF's Consent to Lease.** If you intend to lease the Site, within 30 days of us consenting to the Site, you must submit a copy of the proposed lease to us for our consent. Within 10 days of signing the lease, you must provide us with a copy of the executed lease. The term of the lease plus all renewal option period together will equal or exceed the Term of this Agreement. Our consent to the lease means only that the lease meets our minimum standards and is not a warranty as to the appropriateness of the lease or any of its terms. Your lease for the Site must contain substantially the same terms as found on Exhibit II attached to this Agreement. In addition, you must execute a Collateral Assignment of Lease in the form found in Exhibit III, attached to this Agreement, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease. We strongly recommend that you hire a professional leasing agent to assist you in site location and lease negotiations. We may recommend or approve leasing agents; however, we are not liable for any acts or omissions of these agents, and any agent will be an independent contractor.

2. **Proof of Ownership.** If you intend to own the Site, within 90 days of us consenting to the Site, you must furnish to us proof of ownership or an executed sale contract for the Site. Your submission of proof of ownership or an executed sale contract will be deemed a warranty by you that the Site can be utilized for restaurant purposes according to the terms of this Agreement. You must create a separate entity to own the Site and then lease the Site to you at its full rental value and on commercially reasonable terms.

C. **Relocation.** So long as you are not in default under the Franchise Agreement, you may relocate the Cafe within the Assigned Territory with our prior written consent. However, the Assigned Territory for the relocated Site will be subject to renegotiation. Regardless of the reason for relocating, you agree to pay all costs and expenses of relocating the Cafe including the cost of a demographic study and our cost and expenses in reviewing the proposed site.

IV. INITIAL FRANCHISE FEE

You must pay us an initial franchise fee ("Initial Franchise Fee") when you sign this Agreement. The amount of the Initial Franchise Fee is \$35,000. However, if you have signed an area development agreement with us and paid us a development fee, then the Initial Franchise Fee for each additional unit under the area development agreement will be \$30,000. The portion of that development fee attributable to signing this Agreement and opening the Cafe will be applied to the Initial Franchise Fee. In that event, you will pay us the balance of the Initial Franchise Fee when you sign this Agreement. The Initial Franchise Fee is not refundable under any circumstances.

V. TERM

A. **Term.** The initial term of this Agreement will begin on the date of this Agreement, and, unless it is terminated earlier according to the terms of this Agreement, will expire 10 years later ("Initial Term").

B. **Continuation.** If you continue to operate the Cafe with our express or implied consent following the expiration of the Term of this Agreement, the continuation ("Continuation Term") will be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while you continue to operate the Cafe. This Agreement will then be terminable by either party on 30 days written notice to the other party.

C. **Renewal.** If you are in full compliance with the terms of this Agreement, you will have the right to renew for 2 additional terms of 5 years each (each a "Renewal Term"), provided you agree to execute the most current franchise agreement being utilized by us at the time you renew. The most current franchise agreement may contain significantly different terms than this Agreement. In any event, we may in our discretion, refuse to renew this Agreement if you have been notified of defaults (even if subsequently cured) under this Agreement more than 2 times during the Initial Term or more than 2 times during any Renewal Term, even if you are not in default at the time of the renewal. You agree to give PF not less than 6 nor more than eighteen 18 months written notice of an election to renew this Agreement, prior to the end of the Initial Term. Your failure to give us this notice will be deemed an election not to renew this Agreement. You will also be required to pay us a renewal fee of 25% of the then current initial franchise fee for each Renewal Term. Additionally, you must remodel the Cafe to meet our then current standards of decor in accordance with the provisions of our Confidential Operations Manual and must execute a general release, to the extent permitted by applicable law, of any and all claims against us and our Affiliates, and our and our Affiliates' respective owners, officers, directors, employees, agents, successors and assigns arising under or from this Agreement and/or any related agreements between you and us or our Affiliates, or under any applicable law, rule or regulation.

VI. FEES

A. **Royalty Fee.** You will pay us a continuing weekly royalty fee of 6% of Gross Sales for the preceding week ("Royalty Fee").

B. **Advertising Fee.** You will pay us a continuing weekly advertising fee of ~~2.753%~~ 3% of Gross Sales for ~~2024, and 3% of Gross Sales thereafter~~ for the preceding week ("Advertising Fee") which will be deposited into the Advertising Fund (defined below). ~~The maximum Advertising Fee you will be required to pay us is 3% of Gross Sales.~~

C. **Technology Fee.** You will pay us a continuing weekly technology fee of \$25 (the "Technology Fee") beginning on the day you first open your Cafe for business and thereafter by Monday

of every week). We may determine to increase the Technology Fee you are required to pay us, but we cannot increase the Technology Fee more than once every 12 months. [In no event will the Technology Fee be a percentage of Gross Sales.](#)

D. **Time and Manner of Payments.** Royalty Fees, Advertising Fees and Technology Fees will be paid on every Monday (unless a legal holiday falls on a Monday, in which case the payment will be made on the next day which is not a legal holiday), and all of these payments will be made via electronic funds transfer ("EFT") or such other manner which we may designate from time to time. None of these fees are refundable. Any payment or report not received by us on or before the date they are due will be deemed overdue. You will comply with the procedures specified in the Confidential Operations Manual or as otherwise communicated for such EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program. If you fail to timely report to us, in addition to any applicable late charges, we have the right, but not the obligation, to debit from such account an estimated amount equal to the fees due and payable to us during the most recent week for which we received reports.

E. **Interest on Late Payments.** If Royalty Fees, Advertising Fees and/or Technology Fees are overdue, we have the right to charge interest on these overdue amounts equal to the lesser of 1.5% per month or the maximum legal rate in the jurisdiction where the Cafe is located. Our right to interest is in addition to any other remedies that we may have.

F. **No Right of Offset.** You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including the Royalty Fees, Advertising Fees and Technology Fees. You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

G. **Under-Reporting.** If it is found that you under-reported Gross Sales, you will reimburse us for the amount of the Royalty Fees and Advertising Fees that would have been due had Gross Sales been reported accurately, plus interest on those amounts at the rate of the lesser of 1 ½ % per month or the maximum legal rate in the jurisdiction where the Cafe is located. In addition, if the amount of Gross Sales reported for any calendar year is less than 98% of the actual Gross Sales for that period, you agree to reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals and lodging.

H. **Late Reporting.** If you fail to send us any report that is due on a weekly basis, we can charge you, to the extent permitted by applicable law, a late report fee of \$100 plus \$100 for each week the reports are late. If you fail to send us a report that is due on a monthly basis, annual basis or quarterly basis, we can charge you, to the extent permitted by law, a late report fee of \$100 plus \$100 for each month your report is late.

I. **Taxes.** You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Cafe's business or the license of any of our or our Affiliates' intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our Affiliates' income.

VII. ADVERTISING

A. **Advertising Fund.** Advertising Fees will be deposited into the Pickleman's Gourmet Cafe Advertising Fund ("Advertising Fund"). The Advertising Fund will be used to provide advertising and promotional activities we deem beneficial to the System. We agree to use the Advertising Fees received from you for the payment of costs associated with the creation, production, research, maintenance, upgrading, updating, distribution, media placement and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. The Advertising Fund is intended to maximize recognition of the Marks and the patronage of the Pickleman's Gourmet Cafe restaurants generally. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Pickleman's Gourmet Cafe restaurants, we do not ensure that the Advertising Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Advertising fund contributions by Pickleman's Gourmet Cafe restaurants operating in that geographic area or that any particular Pickleman's Gourmet Cafe restaurant will benefit directly or in proportion to its Advertising Fund contributions. We have the right to determine the type of advertising and the media in which it will appear as we feel is appropriate, which may include, without limitation, using the Advertising Fund Contributions to conduct national, regional and local advertising, marketing, customer surveys, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, newspaper, radio, television, internet, text messaging, electronic and billboard advertising, e-commerce and website activities, providing market intelligence through analytics to the System, and employing advertising and marketing agencies.. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the advertising funds during any specific time period. Advertising may be handled by the outside advertising agency which we select.

Unaudited financial statements of the Advertising Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the Advertising Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Advertising Fund to cover our administrative and overhead expenses associated with operating the Advertising Fund. The Advertising Fund is not our asset. The Advertising Fund is not a trust. We have a contractual obligation to hold all Advertising Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We have no fiduciary obligation to you for administering the Advertising Fund.

B. **Your Own Advertising.** In addition to the Advertising Fee and your grand opening advertising requirements described below, you must spend at least 2% of your Gross Sales each month on your own advertising. You must provide proof of your advertising and sales promotion expenditures in such form, with such detail and including copies of such advertising and materials and receipts as we request. We must consent to your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 20 days prior to use. If we do not reject these materials within 20 days, we will be deemed to have consented to your use of them. To the extent permitted by applicable law, we may set prices for the products or services you offer at the Cafe.

You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct.

You will not distribute individual advertising items (i.e., coupons, circular advertising, etc.)

outside of your Assigned Territory, unless you use a form of advertising which is not programmed to restrict delivery to the Assigned Territory, such as direct mail advertising by outside contractors based on zip code. Except as otherwise permitted, you may not maintain a presence on the internet for your Café without our consent. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us. We may require you to place all such electronic advertisements with us or our designated third-party vendor.

~~C. **Yellow Pages.** You agree to participate with other Pickleman's Gourmet Cafe restaurants in placing advertisements in the Yellow Pages or similar business telephone directory including Internet directories which cover the Assigned Territory, and to pay your proportionate cost for this type of telephone directory advertising. In the event the Cafe is the only Pickleman's Gourmet Cafe restaurant located within the geographic area covered by the telephone directory, we may require you to advertise in this directory without any cost sharing arrangement. Yellow Page advertising costs must be paid in addition to the amounts payable to the Advertising Fund, but will count towards the minimum required amount you must for your own advertising, as described above.~~

C. D. **Grand Opening Advertising.** In addition to the other advertising requirements described above, you must spend a minimum of \$4,000 for grand opening advertising and sales promotions within 60 days of the Cafe opening. Additionally, you will provide us, within 90 days after the opening of the Cafe, proof of your advertising and sales promotion expenditures in such form, with such detail and including copies of such advertising and materials and receipts as we request.

D. E. **Local Advertising Cooperative.** We reserve the right to identify certain advertising markets that may benefit from the formation of a local or regional advertising cooperative. Any cooperative we established will be required to operate under governing documents we approve. If your Cafe will be located in an area that we have designated for an advertising cooperative, you have the right to require you to join the cooperative. Members of a cooperative may be required to pay monthly contributions to the cooperative at the rates established by the governing body of such cooperative. Any such contribution will be in addition to the other marketing and advertising fees required under this Agreement, including the Advertising Fee. The members and their elected officers will be responsible for the operation of the advertising cooperative, but we will have the right to approve all advertising, marketing and public relations activities of the cooperative. We reserve the right to change, dissolve or merge any cooperative we establish.

VIII. OUR GENERAL DUTIES

A. **Initial Training.** We will provide an initial training program for the operation of a Pickleman's Gourmet Cafe restaurant using the System and Marks for the Principal Owner and your designated manager. In the event the Principal Owner is not involved in the day-to-day management of the Cafe, then a second designated manager must also attend the initial training program, at your sole cost and expense. The initial training program is furnished after this Agreement is signed and prior to the opening of the Cafe. The training program will be furnished at such time and place as we may designate. You will pay all transportation, lodging, meals and other expenses incurred by you and your employees in attending this program. Your designated manager(s) and Principal Owner must attend and satisfactorily complete the training program before opening the Cafe. If these persons fail to complete the initial training program to our satisfaction, we have the right to terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Cafe. If you currently operate a Pickleman's Gourmet Cafe restaurant, the initial training program will not be mandatory or provided unless we deem it necessary.

B. **Subsequent Training.** We may offer training for your new employees who are not initially trained pursuant to this Agreement. If your designated manager(s) or Principal Owner no longer operate the Cafe, we may require your replacement manager(s) or another Principal Owner to attend training. We may also provide refresher programs to experienced employees or managers. We are permitted to charge a reasonable fee, up to \$1,000 per person per day, for any subsequent training we may offer or require. We reserve the right to designate certain training programs or meetings as mandatory and to treat your failure to have a representative attend as a material breach of this Agreement. You must pay the compensation of the trainees as well as such trainees' and our representatives' travel, lodging and personal expenses during any subsequent training.

C. **Opening Assistance.** We will provide an on-site, Cafe opening training team, consisting of at least 1 person for a period of 10 consecutive days, as follows: 2 days prior to the scheduled Cafe opening for a "dry run" and 8 days after the scheduled Cafe opening (including the day the Cafe opens). If you currently operate a Pickleman's Gourmet Cafe restaurant, the opening assistance will not be offered unless we deem it necessary.

D. **Continuing Advisory Assistance.** We will make available continuing advisory assistance in the operation of the Cafe, rendered in such manner and available from time to time, as we may deem appropriate. If we send our representatives to your Cafe to provide assistance, we reserves the right to charge a reasonable fee for this type of assistance. [We may also require you to license from us or a designated third party certain training software, and you may be required to pay us or our designated third party the then-current license fee.](#)

E. **Layout and Design.** We will provide you with suggestions for layout and design of a typical Pickleman's Gourmet Cafe restaurant. These suggestions will not include the requirements of any federal, state, or local law, code, or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor will such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Cafe.

IX. YOUR GENERAL DUTIES

A. **Cafe Opening and Construction.** You agree to begin operation of the Cafe within 1 year after this Agreement is accepted by us. You will construct and equip the Cafe according to the specifications prepared by you and subject to our right to consent. You must pay for the cost of construction drawings and other documentation necessary to build, obtain permits or receive other necessary authorizations for constructing the Cafe. You must submit these plans and other documents, along with any revisions of them made during the construction process, to us for our consent prior to your use of them. Our review will be limited to reviewing these plans and documents to assess compliance with our design specifications and standards for Pickleman's Gourmet Cafe restaurants, including items such as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the functioning of the Cafe under the System. Our review is not designed to assess, nor does it assess, compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is the sole responsibility of you. The opening of the Cafe may be delayed only if the delay is caused by contingencies not within your control, like acts of God, governmental restrictions, strikes or labor disputes, the occurrence of which we are given notice within a reasonable period time. You will use your best efforts to cure any delay. Any permitted delay in completion will only be for a period of days equal to the number of days during which such event actually prevents completion.

B. **Use of Name and System.** You agree that during the Term, you will operate, advertise and promote the Cafe under the name "Pickleman's Gourmet Cafe" without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by us. You agree to identify the Cafe with a sign in compliance with applicable local ordinances and approved by us.

C. **Compliance with Laws.** You agree to operate the Cafe in compliance with applicable laws and governmental regulations and in accordance with the operational standards we may establish from time to time. At all times you will comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Cafe, and all aspects of the conduct of the Cafe. You must obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation, ordinance and code to operate the Cafe as required by this Agreement. You must make timely filings of all tax returns and pay when due all taxes levied or assessed on, and related to this Agreement and the Cafe. At no time are we required to inform you of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax. Within 5 days of your receipt of each health and/or food safety inspection report you receive from the governing municipality, you must forward a copy of this/these reports to us. You represent to us that your signature on and performance of this Agreement does not violate or constitute a breach of the terms of any other agreement or commitment to which you are a party.

D. **Standards of Operation.** The Cafe must conform with the mandatory standards relating to signage, color scheme, appearance, hours of operation, cleanliness, sanitation, size of food item portions, menus, methods of preparation, employee uniforms, type of equipment and decor as designated by us. Unless we give you our prior consent, you must offer all menu items and other products and services required by us in our Confidential Operations Manual or in any other written instruction we give to you. You will not conduct any business or sell any products other than those approved by us, and agree to at all times dispense and sell such food items which are prepared in accordance with our secret recipes and which meet our uniform standards of quality, quantity, appearance, and taste. Uniformity of products and services offered by all Pickleman's Gourmet Cafe restaurants is of utmost importance to us and the entire System. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Confidential Operations Manual, you agree that we will be damaged. These damages will be calculated at the rate of \$1,000 per day for each day you offer or sell unauthorized products or services and will be in addition to any other rights and remedies we may have against you. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement. You agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services are difficult to determine and all parties desire certainty in this matter and agree that the damages provided here are reasonable and constitute liquidated damages and not a penalty.

You will not sell any product which is adulterated, contaminated, spoiled, unsafe or otherwise unfit for human consumption. You must keep the premises clean and provide prompt and courteous service to its customers. However, we may, to the extent permitted by applicable law, set prices for the products or services you offer at the Cafe. Each manager you employ must satisfactorily complete our initial training program. You agree to, and will take all steps as are necessary to, ensure that all of your employees treat each customer fairly and provide services in an honest, ethical, and non-discriminatory manner. You must not advertise in a deceptive, misleading, or unethical manner and agrees to meet such minimum standards as we may establish from time to time in the Confidential Operations Manual. Currently we are not permitting our franchisees to use third-party delivery services, however we reserve the right to allow this in the future in accordance with the provisions of the Manual.

We require you, if permitted by applicable law, to participate in various programs and activities with other Pickleman's Gourmet Cafe restaurants, including programs in which customers place orders

via the Internet or cellular telephone "text messaging" and any gift card or loyalty program we or our affiliates may establish from time to time, in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate in these programs and activities, you may be required to purchase additional equipment and pay applicable fees associated with the purchase, installation and training for this equipment. If we establish a gift card program, we have the right to determine how fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

E. **Staffing.** You will maintain a competent, conscientious, and trained staff. You will be solely responsible for all employment decisions and functions of the Cafe including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

F. **Security and Safety Procedures.** You are solely responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with you, those coming on the premises of the Cafe and the general public at large. We do not in any way share any of that responsibility.

G. **Actual Participation.** You recognize the importance of the Principal Owner's and/or designated manager's participation in the management of the Cafe and that the Principal Owner's and designated manager's agreement to participate in the management of the Cafe is a material inducement for us to enter into this Agreement. Therefore, you agree that either the Principal Owner or a designated manager who has satisfactorily completed our initial training program are required to use his or her best efforts and are personally responsible for the management of the Cafe on a day-to-day basis. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Cafe. Supervisory personnel, including your designated manager are required to sign an agreement regarding confidentiality and covenants not to compete which is set forth in Exhibit IV of this Agreement.

H. **Insurance.** You will at all times maintain at your sole expense comprehensive public and product liability insurance and motor vehicle liability insurance for your delivery drivers against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the ~~Cafe~~Café, and other types of coverage that we may require. You will obtain and maintain the minimum insurance as set forth below:

- ~~• One Million Dollars (\$1,000,000.00) per occurrence;~~
 - ~~i. • One Million Dollars (\$1,000,000.00) a commercial comprehensive general liability insurance policy with coverage of at least \$2,000,000 aggregate and \$1,000,000 per occurrence;~~
 - ~~ii. • One Million Dollars (\$1,000,000.00) \$1,000,000 product aggregate; -and~~
- ~~• One Million Dollars (\$1,000,000.00) CSL (combined single limit per accident) owned and non-owned auto liability~~
 - iii. automobile liability insurance with minimum coverage of \$1,000,000 per occurrence (including hired and non-owned vehicle coverage for your employees);
 - iv. \$100,000 employment practices liability insurance;
 - v. \$50,000 cyber security insurance;

- vi. [greater of \\$100,000,000 workers' compensation insurance for your employees or the amount as required by applicable law;](#)
- vii. [special form coverage insurance covering the building and the other improvements on the leased premises and any contents to the extent of not less than 100% of replacement value; and](#)
- viii. [umbrella liability insurance in the minimum amount of \\$1,000,000.](#)

You will also maintain statutory Workers' Compensation insurance. We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine. You agree to comply with any of these changes, at your sole cost and expense. All general liability insurance policies will name us and our successors and assigns as additional insured on a primary and non-contributory basis and with waiver of subrogation rights, and will provide that we must receive 30 days prior written notice of any termination, expiration or cancellation of the insurance policy. Each year you must provide us with a certificate or other evidence of your compliance with our insurance requirements. If you fail to maintain such insurance, we may procure such insurance on your behalf and will be entitled to reimbursement from you of our costs to do so, in addition to any other rights and remedies we may have under this Agreement. However, we are not obligated to obtain such insurance on behalf of you. Regardless of the amounts set forth above, it will be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the Term of this Agreement. You recognize that the levels of insurance described above are merely minimum requirements. You should determine if additional insurance is necessary through consultation with your advisors. Your failure to maintain coverage will not relieve you of any contractual responsibility or obligation or liability under this Agreement.

I. **Inspections.** You must permit our representatives or agents or the representatives or agents of our Affiliates to enter the business premises with or without notice during regular business hours to inspect the Cafe and audit the business operations, including all books and records. You also grant us permission to examine all records of any supplier from whom you have made purchases. You will keep on file and make available for our review the following documents and reports: weekly inventory sheets, deposit slips, bank statements and canceled checks, sales and purchase records, business tax returns and such other accounting records for such periods of time as is necessary to provide appropriate documentation in the event of an audit of your business by any governmental taxing authority having jurisdiction over you. Our right to approve certain matters, to inspect the Cafe and its operation and to enforce our rights, exists only to the extent necessary to protect our interest in the System and Marks for the benefit of us, our Affiliates and all Pickleman's Gourmet Cafe restaurants. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to you, nor will they be construed to do so.

After any inspection of your Cafe, our representatives or agents or the representatives or agents of our Affiliates may prepare and deliver a written store inspection summary (Service Operations Excellence and/or Food Safety Evaluation) to you, a manager, or an employee of your Cafe that is present during the inspection that identifies your failure to perform obligations under the Manual or this Agreement that must be cured. In the event you do not pass any inspection, we may issue a correction plan and re-inspect the Cafe. In the event any inspection determines deficiencies or other non-compliance with the requirements of this Agreement or the Manual, we may require you to undertake a plan to correct and cure such non-compliance, and we may charge you our then-current re-inspection fee and require you to reimburse us for all costs and expenses, including but not limited to travel expenses, incurred in conducting each re-inspection of the Cafe. The institution of such plan of correction is in addition to all other remedies we have under this Agreement.

The obligations of this provision survive termination or expiration of the Term of this Agreement.

J. **Cooperation for Financial Performance Representations.** You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and will permit us to utilize such information as we deem necessary.

K. **Innovations.** All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a Pickleman's Gourmet Cafe, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item. In the event that this provision is found to be invalid or unenforceable, you and your owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of such ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials.

L. **Remodeling.** We may require you to make capital expenditures to remodel the Cafe to reflect our then current standards for Pickleman's Gourmet Cafe restaurants. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a renewal of this Agreement, or our consenting to a Transfer.

M. **Financial Reports.** You will maintain and preserve for at least 5 years from the dates of their preparation, full, complete and accurate books, records and accounts in consistently applied accounting principles and in the form and manner prescribed by us from time to time. You will send us annual income and expense statements within 60 days of the end of your fiscal year. You will also send us weekly summary reports every Monday based on the preceding week, monthly profit and loss statements by the 15th day of the following month and any other information or reports including copies of balance sheets, copies of sales tax returns, and such other financial reports and information as we may reasonably request. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied.

N. **Assignment by You.** You grant us an irrevocable, world-wide, royalty-free license to use your likeness or images of the Cafe, in any manner we deem appropriate in our sole discretion, including our or our Affiliates' use on any Internet domain or website we create or through any other Internet representation we deem appropriate for the System. This provision will survive the termination or expiration of the Term of this Agreement.

O. **Maintenance of the Cafe.** You must keep the exterior and interior of your Cafe and all fixtures, equipment, furnishing and signs in the highest degree of cleanliness, orderliness, sanitation and repair and in accordance with the Manual. You may not make any material alternations, additions, replacements or improvements to your Cafe without our prior written consent. You shall equip the Cafe with furniture, fixtures, signs and equipment including computer equipment and use the computer

software as required in the Manual which we may change or modify from time to time. You acknowledge and understand that in the future, and from time to time, you may be required to upgrade or purchase or lease new or different furniture, fixtures, equipment ~~and~~ signs, [hardware, and software](#). We may revise our specifications for hardware and software as we determine necessary to meet the needs of the franchise system and there is no contractual limitation on our ability to require the hardware or software to be improved or upgraded. We reserve the right to require different or additional software programs and hardware at any time in the future and you will be responsible for the cost of any new, modified or updated programs and the hardware, [and we may require that you purchase it from us or our designee](#). We have independent access to information or data in your computer system.

X. PROPRIETARY MARKS

A. **Right to Use Marks.** You acknowledge that the Marks are valid service and/or trademarks, which are licensed to PF. You recognize that valuable goodwill is attached to the Marks, and that you will use the Marks only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of your use of the Marks inures to the benefit of us and our Affiliates. You further acknowledge that the right to use the Marks and the grant contained in this Agreement is non-exclusive, and that we and/or our Affiliates, in our and/or their sole discretion, have the right to operate businesses under the Marks on any terms and conditions we or they deem fit; provided that we agree to abide by the provisions with respect to protection of the Assigned Territory as set forth in Section II.A. of this Agreement. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights and the rights of our Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos, commercial symbols and copyrights hereafter authorized for use by, and licensed to, you.

B. **Contest of Marks.** You will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our and our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. We and our Affiliates will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We or our Affiliates have the right to control any administrative proceeding or litigation involving the Marks. You will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

C. **Prohibition on Use of Name.** You will not use any of the Marks or the name "Pickleman's" as part of your corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols. You will, however, identify yourself as a PF franchisee, solely with the logos and marks licensed by us to you hereunder. You will not incur any obligations or indebtedness except in your name. Further, you will not use our name or Marks (or any marks or names confusingly similar to our name or Marks) as an Internet domain name or in the content of any world wide website.

D. **Change of Marks.** We will have the right to change the Marks to be used by you at any time and for any reason we deem appropriate. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

E. **Use of Marks on the Internet.** You acknowledge that our Affiliate, Pickleman's Holdings, is the lawful, rightful and sole owner of the *www.picklemans.com* Internet address (URL), and unconditionally disclaims any ownership interest in that or any similar Internet address. You will not maintain a world-wide website, mobile application or social media (e.g., LinkedIn, Facebook or Twitter) account or user name, or any other presence, or otherwise advertise on the Internet, or any other public computer network, in connection with your Cafe, without our prior written consent or in the manner we approve. Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social media outlet. We have the right to cease granting you permission to operate any such social media outlet at any time.

You agree not to register any Internet address name under any Internet domain, class or category that contains the Marks or any abbreviation, acronym or variation of the Marks. We and our affiliates retain the sole right to advertise on the Internet and create a website or websites using any of the Marks or any variation of the Marks. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within 5 days after our request, dismantle any frames and links between your web pages and any other websites.

XI. CONFIDENTIAL INFORMATION

You acknowledge that the trade secrets, information, ideas, research, methods, manuals, sales and marketing procedures, systems, improvements and copyrighted materials, etc., including the Manual, owned or developed by or licensed to is, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, are and shall remain the sole and exclusive property of ours. This information is provided or revealed to you in trust and confidence. You will not, during the Term of this Agreement, or after a Transfer, or the termination or expiration of the Term of this Agreement, communicate or divulge to anyone, any such information or knowledge including ingredients, recipes, methods of preparation of food and beverage products, specifications, standards, methods, procedures, sales and marketing materials, knowledge of the System and experience in operating a Pickleman's Gourmet Cafe restaurant and other information or material which we may designate as confidential ("Confidential Information"), nor will you disclose, use or divulge in whole or in part any Confidential Information, unless the information is generally known and in the public domain, and except to the extent necessary to operate the Cafe. You will ensure that each of your employees exercises the highest degree of diligence and makes every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the Term of this Agreement.

XII. NON-COMPETITION

A. **Competing Business During the Term of this Agreement.** You acknowledge the uniqueness of the System and that we are making our knowledge, know-how, and expertise available to you for the purpose of operating the Cafe strictly and solely within the Assigned Territory. You agree that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of the Cafe under this Agreement. You further recognize the importance of devoting substantial time and energy to the Cafe. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of PF (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

B. **Non-Competition After Term.** For 2 years after a Transfer, or the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the address of the Case, the area within a 10-mile radius of the Café, and the area within a 10-mile radius of any Pickleman's Gourmet Cafe restaurant that is established, being constructed or subject to an executed Franchise Agreement at the time this restriction begins to be enforced.

C. **Reasonableness of Restrictions.** You and any guarantor of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in Sections XI and XII are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited and faithful observance of each of the covenants contained in Sections XI and XII will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Sections XI and XII will not impair your or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to you or them or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

D. **Enforcement.** You acknowledge that to disregard the provisions of Sections XI and XII would effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees and the Pickleman's Gourmet Cafe restaurants could be severely disadvantaged if you compete against them using the Marks or other Confidential Information. We intend to restrict ~~you~~your activities under Sections XI and XII of this Agreement only to the extent necessary for the protection of our, our Affiliates' and our franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Sections XI and XII, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Sections XI and XII. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the term "us" was defined in this Agreement to include such entity.

XIII. DEFAULT AND TERMINATION

A. Termination By PF.

1. **With 30 Days' Notice and 30 Days' Opportunity to Cure.** We may at our option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or

in equity, terminate the Term of this Agreement for "good cause". Without limitation as to other situations, "good cause" for termination also exists if you or any guarantor of this Agreement:

- (1) Do not substantially perform all of the lawful terms, conditions, and obligations of this Agreement, or the mandatory obligations under the Confidential Operations Manual; or
- (2) Lose possession of the premises at which the Cafe is located and fail to secure a suitable site for relocation which we consent to within 3 months of so losing possession; or
- (3) Default under the terms of the lease for the premises; or
- (4) Misrepresent Gross Sales in any report submitted to us; or
- (5) Lose any permit or license which is a prerequisite to the operation of the Cafe for a period of at least 5 days; or
- (6) Repeatedly fail or refuse to comply with the lawful provisions of this Agreement (i.e. two (2) or more times in any 12 month period), whether or not the repeated failures or refusals are corrected after notice. Under no circumstances do you have a 30 day opportunity to cure this default; or
- (7) Misuse the Marks or Confidential Information, or engage in conduct which, in our opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the System; or
- (8) Are adjudged bankrupt, become insolvent, or make a general assignment for the benefit of creditors (subject to paragraph XIII.A.3.(d) below); or
- (9) Are convicted of, plead guilty or no contest to, or commit any criminal misconduct which materially and adversely affects the operation, maintenance, reputation or goodwill of the Cafe or the Pickleman's franchise system (subject to paragraph XIII.A.3.(a) below); or
- (10) Commit any other act which constitutes good cause under applicable state law or court decision; or
- (11) Fail to keep the Cafe open for a period of 7 consecutive days without justifiable cause; or
- (12) Fail to pay any lawful debt or tax when due; or
- (13) Surrender or transfer control of the Cafe (including entering into a management arrangement with any person who does not meet our standards, including satisfactorily completing our initial training program), or make an unauthorized direct or indirect Transfer.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

2. **With 30 Days' Notice and 10 Days' Opportunity to Cure.** We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; your failure to open the Cafe for business 12 months after our acceptance of this Agreement; or your failure to immediately correct and cure a threat or danger to the public health or safety resulting from the construction, operation or maintenance of the Cafe. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 30 days' prior written notice of default (except that, if state law requires a longer period, you will be granted the longer period, and except that if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 30 days after the date we gave you notice of default.

3. **Without Notice and Without Opportunity to Cure.** Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) conviction of, or pleading guilty or no contest to, a felony or engaging in any other criminal misconduct that materially and adversely affects the operation, maintenance, reputation or goodwill of the Cafe or the System; (b) fraudulent activity that materially and adversely affects the operation, maintenance, reputation or goodwill of the Cafe or the System; (c) abandonment of the Cafe; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any EFT payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; or (g) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

B. **Termination by You.** You must notify us in writing of any failure of us to perform any of our obligations pursuant to this Agreement. You may terminate the Term of this Agreement only if we materially default in our performance of any terms and conditions in this Agreement, you give us written notice within 30 days of this material default, and we fail to cure this material default within 60 days of our receipt of your written notice of default.

C. **Consequences of Termination.** Upon a Transfer, or the termination or expiration of the Term of this Agreement for any reason whatsoever, all of your rights hereunder will terminate, and you will do each of the following:

1. You will cease to be a franchisee of PF and cease to operate the Cafe under the System and Marks. You will not thereafter directly or indirectly represent to the public that the business at the Location is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of PF at or with respect to the Location.

2. You will immediately discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, any Pickleman's Gourmet Cafe restaurant or the System, and return any Confidential Information or other copyrighted materials, including the Confidential Operation Manual, to us.

3. If we request, you will assign your telephone numbers, white and yellow page telephone references and advertising to us or any of our designees, including any other Pickleman's Gourmet Cafe restaurant.

4. You will pay all amounts due to us, our Affiliates and suppliers.

5. You will cancel any assumed name registration or equivalent registration which contains the Marks and you will furnish us with evidence satisfactory to us of your compliance with this obligation within 5 days of a Transfer, or the termination or expiration of the Term of this Agreement.

6. Pursuant to the Collateral Assignment of Lease, upon our request, you will assign to us any interest that you may have in any lease or sublease for the Site. We may exercise the option at or within 30 days after either (i) the termination or expiration of the Term of this Agreement, or (ii) our receipt of notice by your landlord of its intent to terminate the lease or sublease for the Site. If we exercise this option, we will have the right and are hereby empowered to take possession of the Site demised by the lease or sublease and expel you from the Site, after which you will have no further right, title or interest in the lease or sublease. In the event that we do not exercise our option to acquire the lease or sublease for the Site, you will make such modifications or alterations to the Site immediately upon the termination or expiration of the Term of this Agreement, as we may deem necessary, to distinguish the appearance of the Site from that of other Pickleman's Gourmet Cafe restaurants. In the event you will fail or refuse to comply with the requirements of this paragraph, we or our designees will have the right to enter upon the premises without being guilty of trespass or any other tort for the purposes of making or causing to be made the changes that may be required by this paragraph at your expense. You agree to pay us this expense upon demand.

7. You irrevocably appoint us or our nominee to be your attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for you any relevant document to transfer your telephone number or telephone listing. We have the right to file an original counterpart or a copy of this Agreement with the telephone company, landlord or any court, agency or person as written evidence of your appointment of us or our nominee to be your attorney-in-fact. A power of attorney is attached hereto as Exhibit V.

8. You will comply with all post-term covenant obligations including the trade secrets, Confidential Information, non-competition and indemnification.

Neither a Transfer, nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer, or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

D. **Our Right to Purchase Personal Property.** After the termination or expiration of the Term of this Agreement, but not upon an approved Transfer pursuant to Section XVI.B, we will have the right, but not the obligation, to purchase any or all of your equipment, inventory, supplies and other personal property used in connection with the operation of the Cafe. The purchase price will be at fair market value, less any liens, which will be established (if the parties are unable to agree) by an appraisal of an independent restaurant appraiser. Within 10 days after an appraisal is required or appropriate under any provision of this Agreement, we and you will by written notice to the other select our respective appraisers. All appraisers will be required to be reasonably qualified and have at least 3 years of experience in appraising restaurants. If either party fails to name an appraiser within the specified time, such party waives its right to select an appraiser and the appraiser selected by the other party will be solely responsible for conducting the appraisal process. Each appraiser will proceed to promptly

determine the fair market value of the assets, taking into consideration any outstanding indebtedness, liabilities, liens and obligations relating to the Cafe. No value will be ascribed to goodwill, going concern value or other intangibles. Each appraiser will deliver his appraisal to us and you within 60 days after the appraiser is appointed. If the difference between the 2 appraisals is not greater than 20% of the higher appraisal, then the 2 appraisals will be averaged and the average price will be used to determine the purchase price under this Agreement. If, however, the difference between the 2 appraisals is greater than or equal to 20%, then the 2 appraisers will appoint a third appraiser. If the 2 appraisers cannot agree upon a third appraiser, then either party may request an arbitrator (in accordance with the arbitration provisions of this Franchise Agreement) to appoint a third appraiser. The third appraiser will promptly proceed to appraise the assets on the same basis as set forth above. The appraisal by the first 2 appraisers that is closer in value to the appraisal by the third appraiser will be the fair market value of the assets and be binding on all the parties. Each party will pay the fees and expenses of the appraiser it selects. The fees and expenses of the third appraiser, if necessary, will be paid equally by the parties appointing the 2 appraisers. We will have 30 days after the determination of fair market value, to exercise our rights granted by this paragraph, and we will have an additional 30 days to pay for the property we desire to purchase. If we fail to exercise our rights within the time periods set forth above, you will be free to otherwise sell or dispose of the personal property used in connection with the operation of the Cafe.

E. **Our Operation of the Cafe.** In order to prevent any interruption of the franchise business which would cause harm to the business, if you are unable to operate the business for any reason whatsoever, you abandon or fail to actively operate the Cafe for any period or you fail to cure a breach within the applicable cure period (if any), you authorize us and our agents and Affiliates to operate the Café if we desires to do so, in our sole discretion, for so long as we deem necessary and practical. All income from the operation of the business shall be kept in a separate account, and the expenses of the business, including our reasonable compensation and expenses and our agents and Affiliates shall be charged to said account. We may charge you a reasonable management fee that we specify plus any out-of-pocket expenses incurred in connection with the management of the Cafe. We and our designees will have a duty only to use reasonable efforts upon assuming the Cafe's management and will not be liable for any debts, losses or obligations that the Cafe incurs, or to any creditors for any supplies or other products or services purchased for the Cafe in connection with such management. Nothing contained herein shall be construed to require us to operate the business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

XIV. SOURCES OF PRODUCTS

You must purchase products, services, supplies, equipment and materials for the operation of your Cafe that meet our specifications, and you must purchase such items only from manufacturers, suppliers, or distributors designated by us, or from other suppliers we approve who meet our specifications. Specification of a supplier may be conditioned on requirements relating to frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions, or other consideration to us, our Affiliates or the Advertising Fund, and may be temporary, in each case in our reasonable discretion. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We or our Affiliates may receive rebates, commissions, and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement. We or our Affiliates may be an approved supplier or the sole supplier approved for certain products.

You may propose alternative products, services, supplies, equipment and materials for the operation of your Cafe, as well as alternative manufacturers, suppliers or distributors. However, we may require that samples of or from these proposed alternatives be delivered to us for testing prior to approval

and use. Further, all proposed manufacturers, suppliers or distributors must agree to permit our agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by us to assure us of the proper production, processing, packaging, storing and transportation of the products, services, supplies or equipment and materials to be purchased by you. We will advise you within 45 days of our approval or disapproval of any proposed alternate sources of products, services, supplies, suppliers, materials and equipment. The foregoing will not be construed as an attempt to unreasonably limit the sources from which you may procure its products, services, supplies and materials. Rather, it is our intention that such items conform to our strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, we will not be required to approve an inordinate number of alternative suppliers of a given item which in our reasonable judgment would prevent our effective supervision of suppliers. We may require your supplier to sign a confidentiality agreement.

To further enhance the uniformity among the Pickleman's Gourmet Cafe restaurants, you are required to purchase and sell Coca-Cola products. You may purchase Coca-Cola products from any authorized Coca-Cola distributor. We reserve the right to modify this policy and substitute other products or suppliers.

XV. CONFIDENTIAL OPERATIONS MANUAL AND CHANGES

We will loan you for the duration of this Agreement and any renewal 1 copy of the Confidential Operations Manual ("Manual"), which may cover such items as recipes, food preparation techniques, approved suppliers, general business methods, merchandising, financial reporting requirements, confidentiality agreements, plans and specification requirements, and other proprietary aspects of the System. The Manual will be in a format determined by us (i.e., in writing, on CD-Rom, via electronic media through a secure website, etc.) and all other supplemental bulletins, notices, revisions, modifications or supplemental information, either in document or electronic form, concerning the System are considered part of the Manual. Also included are any passwords or other digital identification necessary to access the Manual on a website or extranet. You agree to comply with the mandatory requirements in the Manual and acknowledge your compliance is an essential part of your obligations under this Agreement. You will at all times be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual constitutes a confidential trade secret of ours and will remain our property. The Manual cannot be photocopied, reproduced, or disseminated without our written consent. We may modify the Manual from time to time in our discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the System or Manual at your sole cost and expense. You acknowledge that due to the changing nature of the restaurant business, as well as changing attitudes of customers and other factors, changes to the System or the Manual may be necessary and may involve your expenditure of substantial sums of money.

We agree to impose any of these changes in a reasonable, non-discriminatory manner among other franchisees. However, because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserves the right and privilege, in our sole discretion and as we may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of a particular Pickleman's Gourmet Cafe restaurant. We may grant variations from standard specifications and practices as we determine in our discretion, and we will have no obligation to grant you or any other franchisee like or similar variations, and our failure to require a change from any particular franchisee will not affect your obligations under this paragraph.

You will at all ~~time insure~~times ensure that your copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will be controlling.

XVI. TRANSFERABILITY OF INTEREST

A. **By Us.** We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

B. **By You.** The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as a consent to any future such Transfer, and no future such Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section XVII.D below, we will not unreasonably withhold our consent to a Transfer, provided that the following conditions are satisfied:

1. **Governmental Compliance.** The Transfer is conducted in compliance with applicable laws and regulations;

2. **Prior Compliance.** You have performed your obligations and duties under this Agreement and you are not in default under this Agreement, or any other agreement with us or our Affiliates;

3. **Payments.** You have paid all amounts owed to us and our Affiliates, and all other outstanding obligations relating to the Cafe are fully paid and satisfied.

4. **Release.** To the extent permitted by law, you, including all officers, directors and owners (as well as all guarantors under this Agreement) must execute a general release, in the form we approve, of any and all claims against us, our Affiliates, and our and their respective officers, directors, employees and agents.

5. **Requirements of Transferee.** The transferee meets the established standards for new franchisees, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. The transferee must execute the most current franchise agreement for the state in which the Cafe is located which may include different terms and conditions. In addition, the transferee's owners (actual and beneficial) and their spouses must sign the Guaranty and Assumption of Obligations attached to that franchise agreement. Neither the transferee nor any of its direct or indirect owners or affiliates operate or have an ownership interest in or perform any services for a Competitive Business.

6. **Transfer Fee.** We are paid a transfer fee of no more than fifty percent (50%) of the then current Initial Franchise Fee in lieu of the Initial Franchise Fee required in the then current form of franchise agreement for the state in which the Cafe is located.

7. **Assumption of Liabilities.** The transferee agrees to assume all liabilities and obligations from you and your operation of the Cafe, including the lease, and must comply with other reasonable requirements we may impose.

8. **Completion of Training.** The transferee and/or transferee's management team, including a Principal Owner and designated manager, must successfully complete the initial training program.

9. **Update and Remodel Cafe.** The transferee updates and remodels the Cafe to comply with our then current standards for new Pickleman's Gourmet Cafe restaurants.

10. **Continuing Liability.** If we approve an assignment of this Agreement, we will have the discretion to require you and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee.

11. **Economically Reasonable Terms.** Although we will not be required to determine the value of business upon a Transfer, if in our reasonable judgment, the purchase price or other terms of sale are not economically feasible to the proposed transferee, we can withhold our consent to such Transfer. Our consent is not, however, to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the proposed transferee, stating the reasons that we have elected to withhold our approval of the proposed Transfer.

C. **Your Death or Incapacity.** You, by will or other written instrument, may appoint a designated heir to continue operation of the Cafe, upon your death. The designated heir must meet the qualifications of Section XVI.B, including the requirement to meet our standards for new franchisees, execute the then-current form of franchise agreement used in the state in which the Cafe is located and the designated manager or new Principal Owner has, or within 30 days will have, satisfactorily completed the initial training program; provided that no transfer fee will be charged on a Transfer pursuant to this paragraph. The Transfer to a designated heir, personal representative or conservator, as applicable, in the event of your death or legal incapacity, will not give rise to our right of first refusal as described in paragraph XVI.D below.

D. **Right of First Refusal.** Notwithstanding the foregoing paragraphs (other than paragraph XVIC, if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Cafe from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 30 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." We will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Cafe after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to sell such Interest to the bona fide third party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section XVI.B. In the event you fail to complete the sale of such interest to this third party on these terms within this 90 day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

XVII. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. **Independent Contractor.** PF and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of the Cafe and in all dealings with the public as an independently owned business. Neither PF nor you will make any agreements or representations in the name of or on behalf of the other that their relationship is other than franchisor and franchisee.

B. **Indemnification.** Under no circumstances will we be liable for any act, omission, debt, or other obligation of you. You will indemnify, defend and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (each an "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including legal fees and expenses) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns pursuant to or in connection with the operation of the Cafe regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee's liability (to the extent permitted by applicable law).

XVIII. DISPUTE RESOLUTION

A. **Mediation.** Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in Boone ~~county~~ County, Missouri, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the Mediation does not have to be conducted under the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the Mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, You and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. **Litigation.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between you and us arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court for the Western District of Missouri when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Missouri law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims we have relating to our trademarks, service marks, patents or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in Boone County, Missouri. Both parties agree to submit to the jurisdiction of the state and federal court for Boone County, Missouri.

C. **Arbitration.** In the event that the federal court described above does not have jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Boone County, Missouri (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party is limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes us, our respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, we may appeal the arbitration award in federal or state court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the Term of this Agreement. The arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. **Dispute Resolution Fee.** In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of our expenses incurred in curing your breach (including, without limitations, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). You acknowledge and agree that we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

XIX. MISCELLANEOUS PROVISIONS

A. **Waiver.** Our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Pickleman's Gourmet Cafe restaurant, but the waiver in favor of any other franchisee or Pickleman's Gourmet Cafe restaurant will not prevent us from enforcing the requirements against you, all other franchisees and all other Pickleman's Gourmet Cafe restaurants.

B. **Severability.** If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of this Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

C. **Entire Agreement.** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each

have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. No amendment to this Agreement is binding unless executed in writing by both parties.

D. **Notice.** All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of deliver; (ii) 3 business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

E. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party. All words used in this Agreement refer to whatever number or gender the context requires.

F. **Governing Law and Jurisdiction.** You acknowledge that this Agreement was accepted in the State of Missouri. You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Missouri, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Missouri without regard to principles of conflicts of law. If, however any provision of this Agreement would not be enforceable under the laws of Missouri, and if the Cafe is located outside of Missouri and the provision would be enforceable under the laws of the state in which the Cafe is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Cafe is located. Matters controlled by arbitration will be governed by the United States Arbitration Act (9 U.S.C. §1, et. seq.). We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Missouri, and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and waive any objection to the application of Missouri law or to the jurisdiction or venue in these Missouri courts. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

G. **Effect.** This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and assigns.

H. **Remedies.** In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement or defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees). No right or remedy conferred upon us is intended to be exclusive, and every

right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

I. **No Warranty.** You acknowledge that no approvals, consents, waivers, conditions, or the like warrant your success of operating the Cafe or the appropriateness of the particular items or matters so approved.

J. **Receipt of the FDD.** You acknowledge receipt of our franchise disclosure document ("FDD") along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least 7 days to review them.

K. **Joint and Several Liability.** If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several.

L. **Time is of the Essence.** Time is of the essence of this Agreement.

M. **Survival.** Your obligations regarding Confidential Information, trade secrets, non-competition, indemnification, your accrued obligations to us (monetary or otherwise) and any other terms or conditions which by their nature will survive a Transfer, or the termination or expiration of the Term of this Agreement.

N. **Payments from You.** We have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, Advertising Fees, Technology Fees, expenses, purchases from us or our Affiliates, interest or any other indebtedness you may owe us or our Affiliates. Neither we nor any of our Affiliates are required to accept payments after they have become due or to extend credit or otherwise to finance your operation of the Cafe. We and our Affiliates may require you to pay for all purchases on a C.O.D. basis by cashier's check, or may refuse to make further sales to you, if you are in default under this Agreement or if you have failed to pay all amounts due us or our Affiliates when due. In addition to any other remedies available to us, we will have the right to charge you \$50.00 for each no account or insufficient funds check issued by you to us or any similar notice received by us on account of any EFT program in which you participate.

O. **Limitation on Liens.** You will not grant a security interest, pledge, or place a lien upon your interest in this Agreement or in the Cafe or in the furniture, fixtures, or equipment used in the business, except that you will be permitted to grant a security interest in such furniture, fixtures, and equipment to secure your obligation to the seller of, or lender of funds used for the purchase of, such furniture, fixtures, and equipment.

P. **Day-to-Day Control.** You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Cafe is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us in this Agreement, this right and responsibility possessed by you includes the employment, supervision, setting the conditions of employment and discharge for your employees, daily maintenance, safety concerns and the achievement of conformity with the System.

Q. **Third Party Beneficiary.** Holdings is a third-party beneficiary to this Agreement and has the right to assume any of the responsibilities, duties or functions of PF in the event that the

agreement between Holdings and PF expires or is terminated for any reason. Furthermore, Holdings will have the right, but not the obligation, to enforce your compliance with any provision of this Agreement.

R. **Right to Subcontract.** We will have the right to subcontract the performance of any of our obligations pursuant to this Agreement to any of our Affiliates or any other third-party designee.

S. **Execution and Electronic Signatures.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement and all related documents may be executed and delivered by facsimile or other electronic signature method by any of the parties to any other party and each will be deemed original signatures. Electronic copies of this document shall constitute and be deemed an original copy of this document for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this document. The receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

XX. YOUR WARRANTIES AND REPRESENTATIONS

A. You and your guarantors have been advised to make an independent investigation of our operations. We have not and do not represent that you can expect to attain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors have been advised to obtain independent professional advice regarding this franchise. You acknowledge that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of this franchise and not on reliance of or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees or brokers which are not contained in or are contrary to the terms set forth in this Agreement or of any representation in the FDD we furnished to you. You and your guarantors understand that it may sustain losses as a result of the operation or the closing of the business. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on your skills, abilities, initiative, and hard work.

B. You and your guarantors represent and warrant that the execution, delivery and performance of this Agreement by you and the Guarantee and Assumption of Obligations by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 13224, signed on September 23, 2001 (the "Order"), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, you do not and hereafter will not engage in any terrorist activity. In addition, you are not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity. You are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XXI. CAVEAT

THE SUCCESS OF THE CAFE IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO

THE POTENTIAL SUCCESS OF THE CAFE AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS EXHIBIT VI.

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

XXII. NON-LIABILITY OF OUR AFFILIATES

We are the only company obligated to you under this Agreement. You may not look to Pickleman's, LLC, Holdings or any other Affiliate of us, or related companies, other business entities or individuals for performance of this Agreement.

XXIII. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN YOU AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

E. OUR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF OUR OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT YOU PAID TO US WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY US.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

PICKLEMAN'S FRANCHISING, LLC

FRANCHISEE: _____

By: _____
Doug Stritzel, Chief Executive Officer

By: _____
_____, _____

Address: P.O. Box 467
Hallsville, Missouri 65255

Address: _____

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by Pickleman's Franchising, LLC (the "PF") in favor of _____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to PF, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement. The GUARANTORS each agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including, the restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks and Transfers (as defined in the Agreement) to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned will survive any expiration or termination of the term of the Agreement or this Guaranty and Assumption of Obligations. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incur to PF, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from PF and its Affiliates. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by PF or Affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this guaranty; and
- (6) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty will be joint and several;
- (2) he or she will render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;
- (3) such liability will not be contingent upon or conditioned upon pursuit by PF or Affiliates of any remedies against the FRANCHISEE or any other person; and
- (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which PF or Affiliates may from time to time grant to the FRANCHISEE

or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement.

If PF or any of the Affiliates are required to enforce this Guaranty and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS will reimburse PF and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.

The undersigned Guarantors also recognize that certain disputes relating to this Franchise Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with the terms of the Franchise Agreement. Further, undersigned Guarantors also hereby consents to the applicability of the venue and jurisdiction provision in the Franchise Agreement to this Guaranty and Assumption of Obligations.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____
Signature: _____
Date: _____
Address: _____

Print Name: _____
Signature: _____
Date: _____
Address: _____

EXHIBIT I
ASSIGNED TERRITORY

Cafe will be located at:

Assigned Territory will be:

EXHIBIT II

LEASE PROVISIONS

Any lease executed by you for the operation of the Cafe will contain the following provisions or an addenda to the lease as follows.

ADDENDA TO LEASE

This lease addenda entered into this ____ day of _____, 200__, by and between _____ ("FRANCHISEE") and _____ ("LANDLORD") for the premises located at _____ in the City of _____, State of _____;

WHEREAS, FRANCHISEE has executed a Franchise Agreement ("Franchise Agreement") with Pickleman's Franchising, LLC ("PF"), and as part of said Franchise Agreement, the lease ("Lease") for the franchised Pickleman's Gourmet Cafe restaurant ("Cafe") must contain certain provisions; and

WHEREAS, LANDLORD and FRANCHISEE agree that the terms contained herein will be applicable to the Lease, notwithstanding anything contained in the Lease to the contrary;

NOW, therefore, in consideration of the mutual promises contained herein and the execution of the Lease, which execution is made simultaneously with this Addenda, LANDLORD and FRANCHISEE hereby agree as follows:

1. LANDLORD agrees that FRANCHISEE will not otherwise assign the Lease or renew, amend or extend the term of the Lease without the prior written consent of PF.
2. LANDLORD agrees to furnish PF with copies of any and all letters and notices sent to FRANCHISEE pertaining to the Lease at the same time that such letters and notices are sent to FRANCHISEE. LANDLORD further agrees that, if it intends to terminate the Lease, the LANDLORD will give PF thirty (30) days advance written notice or such intent, specifying in such notice all defaults that are the case of the proposed termination. PF will have after the expiration of the period during which FRANCHISEE may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days to cure, at its sole option, any such defaults. PF, or an affiliate of PF, will have the right, but not obligation, upon giving written notice of its election to FRANCHISEE and LANDLORD, to cure the breach and succeed to FRANCHISEE's rights under the Lease, and any renewals or extensions thereof.
3. Upon default, expiration or termination of the Franchise Agreement, or the lease, and upon notice to LANDLORD, PF or its designee will have the option, without however any obligation, to assume the FRANCHISEE's lease obligations, on the same terms and conditions available to the FRANCHISEE. Further, if FRANCHISEE or any other party with an interest in FRANCHISEE transfers to PF or another party all of its or their interest in the Franchise Agreement, the FRANCHISEE or the Cafe, the transferee will have the right to assume the lease on the same terms and conditions as contained in the Lease.
4. PF will have the right to enter the premises to make any reasonable modification or reasonable alteration necessary to protect PF's interest in its proprietary marks. LANDLORD agrees that in such event PF will not be liable for trespass or any other crime or tort. Further, PF or its designated agents

will be permitted to enter the leased premises for purposes of making inspections in accordance with the terms of the Franchise Agreement.

5. FRANCHISEE may assign to PF all of its rights of further assignment at any time if the LANDLORD is given reasonable notice thereof. Such an assignment will be effective only if accepted in writing by PF.
6. Upon request of PF, the LANDLORD will provide PF with copies of all reports, information, or data in LANDLORD's possession with respect to sales made from the leased premises.
7. Copies of any and all notices pertaining to the Lease will also be sent to PF at the following address, or at such other address as may be designated by PF in writing: P.O. Box 467, Hallsville, Missouri 65255
8. LANDLORD acknowledges that the Franchise Agreement grants FRANCHISOR the right of inspection of the leased premises, and LANDLORD agrees to cooperate with PF's efforts to enforce PF's inspection rights.
9. LANDLORD agrees that FRANCHISEE will have the right to remodel, equip, paint and decorate the interior of the leased premises and to display the proprietary marks and signs on the interior and exterior of the leased premises as FRANCHISEE is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which FRANCHISEE may operate a Cafe at the leased premises.
10. PF will be a third-party beneficiary of this Addenda to Lease and has the right independently of FRANCHISEE to enforce all of its rights hereunder.
11. To the extent of any conflict between the terms and conditions of this Addenda to Lease and the Lease, this Lease Addendum will govern.

FRANCHISEE

LANDLORD

By: _____

By: _____

EXHIBIT III

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, _____ a _____ (“Assignor”), hereby assigns, transfers and sets over unto Pickleman’s Franchising, LLC, a Missouri limited liability company (“Assignee”) all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the “Lease”), respecting the premises commonly known as _____.

This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or a default or expiration under the franchise agreement by and between Assignor and Assignee for a Pickleman’s Gourmet Café restaurant (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewal thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

Assignee: Pickleman’s Franchising, LLC

Assignor:

By: _____
Doug Stritzel, Chief Executive Officer

By: _____

EXHIBIT IV

NON-COMPETITION AND CONFIDENTIALITY AGREEMENT

NON-COMPETITION AND CONFIDENTIALITY AGREEMENT

In consideration of my employment in a supervisory capacity by _____
("Franchisee") a franchisee of Pickleman's Franchising, LLC ("Franchisor"), I agree that:

1. I will not use the Pickleman's Gourmet Cafe System or engage directly or indirectly as an owner, employee, proprietor, stockholder, partner, director, officer, agent, or in any other capacity, in any quick service restaurant specializing in soups, salads, pizzas, and/or toasted sandwiches (except for other Pickleman's Gourmet Cafe restaurants) during the term of my employment.

2. After termination or expiration of my employment, I will not be directly or indirectly associated individually or as an employee, proprietor, stockholder, partner, owner, agent or officer or in any other capacity, in any quick service restaurant specializing in soups, salads, pizzas, or toasted sandwiches (except for other Pickleman's Gourmet Cafe restaurants) within 10 miles of any Pickleman's Gourmet Cafe restaurant (whether such Cafe is owned by Franchisor, an affiliate of Franchisor or franchisees of Franchisor), for a period of two (2) years, following the end of my employment or the entry of final order of a Court of competent jurisdiction enforcing this covenant, whichever is later.

3. I will not, during the term of my employment, or after termination, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, recipes and other information or material which Franchisor or Franchisee may designate as confidential, nor shall I disclose, use or divulge in whole or in part any trade secrets, recipes, or operating procedures of Franchisor or its affiliates, unless such information is generally known and in the public domain.

4. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including those relating to non-competition, shall be interpreted and applied consistent with the requirements of reasonableness and equity.

5. This Agreement may be enforced by either Franchisor, its successor, or Franchisee, and I understand that it is intended to protect the legitimate business interests of Franchisor, its successors, its franchisees, and Franchisee. If suit is brought to enforce this Agreement, I agree to pay reasonable attorney's fees and expenses incurred by the party bringing the suit. The terms of this Agreement are assignable by Franchisee and shall insure to the benefit of Franchisee, as well as Franchisor and their successors and assigns. In the event of any assignment, sale, merger or changes in ownership or structure of Franchisee or Franchisor, the resulting entity shall step into the place of Franchisee or Franchisor respectively, without any additional consent or notice to Franchisee, as if the term "Franchisee" or "Franchisor" were defined in this Agreement to include such entity.

Date: _____

Name: _____

Signed: _____

EXHIBIT V

IRREVOCABLE POWER OF ATTORNEY

That _____ ("FRANCHISEE") does hereby irrevocably constitute and appoint Pickleman's Franchising, LLC ("PF"), FRANCHISEE's true and lawful attorney-in-fact and agent for FRANCHISEE and in FRANCHISEE's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of PF, shall be necessary or advisable for the sole purpose of assigning to PF all of FRANCHISEE's right, title and interest in and to any and all telephone numbers used in connection with the Cafe and all related Yellow Pages, White Pages and other business listings, including, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to FRANCHISEE, and to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record, and file all such agreements, certificates, instruments and documents as, in the sole discretion of PF, shall be necessary or advisable for the sole purpose of assigning to PF all of FRANCHISEE's right, title and interest in and to any Internet and website name pages, domain name listings, and registrations that contain the Marks, or any of them, in whole or in part, hereby granting unto PF full power and authority to do and perform any and all acts and things which, in the sole discretion of PF, are necessary or advisable to be done as fully to all intents and purposes as FRANCHISEE might or could itself do, and hereby ratifying and confirming all that PF may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether FRANCHISEE has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with PF shall be required to ascertain the authority of PF, nor be responsible in any way for the proper application of funds or property paid or delivered to PF. Any person, firm or corporation dealing with PF shall be fully protected in acting and relying upon a certificate of PF that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of FRANCHISEE by PF shall be deemed to include such a certificate on the part of PF, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate 2 years following the expiration or termination of that certain Franchise Agreement dated of even date herewith by and between PF and FRANCHISEE. Such termination, however, shall not affect the validity of any act or deed that PF may have ~~effected~~affected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest and such Power of Attorney shall not be affected by the subsequent disability or incapacity of the principal.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney as of the _____ day of _____, 20_____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

THE STATE OF _____)

)

COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____ of _____, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of _____, 20_____.

Notary Public

My Commission Expires:

EXHIBIT VI

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, PICKLEMAN'S FRANCHISING, LLC, (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Pickleman's Gourmet Cafe franchise. The purpose of this Questionnaire is to determine whether any statements of promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes ___ No ___
2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "FDD") that Franchisor provided to you?
Yes ___ No ___
3. Did you sign a receipt for the FDD indicating the date you received it?
Yes ___ No ___
4. Date on which you received the FDD and related Exhibits explaining the Pickleman's Gourmet Cafe Franchise.
_____, 200__
(month, day)
5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement.
_____, 200__
(month, day)
6. Date on which you signed the Franchise Agreement.
_____, 200__
(month, day)
7. Were you given the opportunity to discuss the benefits and risks of operating a Pickleman's Gourmet Cafe franchise with an attorney, accountant, or other professional advisor, and do you understand those risks?
Yes ___ No ___
8. Do you understand that the success or failure of your franchise 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 ___
9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of our Cafes earn in operating the business other than what is discussed in Item 19 of the FDD?
Yes ___ No ___

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business?
Yes ___ No ___
11. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?
Yes ___ No ___
12. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as the COVID-19 outbreak and that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations? Yes ___ No ___

* * *

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on _____, 20__.

FRANCHISE APPLICANT

Name: _____

Signature: _____

EXHIBIT B
AREA DEVELOPMENT AGREEMENT

**PICKLEMAN’S FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT**

TABLE OF CONTENTS

I.	TERRITORIAL EXCLUSIVITY.....	1
II.	DEVELOPMENT OBLIGATIONS.....	2
III.	TERM.....	2
IV.	DEVELOPMENT FEE.....	2
V.	FRANCHISE AGREEMENT.....	3
VI.	ASSIGNABILITY.....	4
VII.	DEFAULT AND TERMINATION.....	5
VIII.	DISPUTE RESOLUTION.....	5
IX.	MISCELLANEOUS.....	8
X.	INDEPENDENT CONTRACTOR/INDEMNIFICATION.....	10
XI.	REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT.....	11

ATTACHMENT A Form of Franchise Agreement

ATTACHMENT B Development Area, Development Fee, Development Schedule and Expiration Date

**PICKLEMAN’S FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT**

THIS AREA DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into as of the _____ day of _____, 20____, by and between **PICKLEMAN’S FRANCHISING, LLC**, a Missouri limited liability company (“we”, “us” or “our”), and _____, a _____ (“you” and “your”).

PREAMBLE

We are engaged in the business of franchising “Pickleman’s Gourmet Cafe” restaurants under the Marks and Systems as more fully described in the Pickleman’s Franchising, LLC’s Franchise Agreement, which may be amended from time to time (“Franchise Agreement”); and

You are aware of the benefit derived from being identified with and franchised by us in order to use the Marks and System as more fully described in the Franchise Agreement; and

You have simultaneously executed a Franchise Agreement pertaining to the first Pickleman’s Gourmet Cafe restaurant (“First Unit”), which you agree to open or have opened within the time specified in the Franchise Agreement; and

You desire to obtain area development rights to establish and operate additional Pickleman’s Gourmet Cafe restaurant franchises (“Subsequent Units”) from us within a specific geographical area and according to a specific time schedule; and

NOW, the parties agree as follows:

I. TERRITORIAL EXCLUSIVITY

A. **Development Area.** According to the terms and conditions in this Agreement, we grant to you and you accept the exclusive right, during the term of this Agreement, to establish and operate franchise units of Pickleman’s Gourmet Cafe restaurants (each referred to as a “Unit” and collectively referred to as the “Units”) in the area, which we refer to as the “Development Area” other than in a Non-Traditional Location as described in Attachment B during the term of this Agreement. A “Non-Traditional Location” is a location that is in a transportation facility, a sporting facility, a shopping mall, an educational facility or a military facility. A Non-Traditional Location is not considered part of the Development Area. So long as you are not in default under this Agreement or any other agreement with us or our affiliates, neither we nor our affiliates will operate or grant a franchise to any other person or entity to operate a Pickleman’s Gourmet Cafe restaurant within the Development Area.

Until the termination, expiration or Transfer (as defined below) of this Agreement, you retain your right of exclusivity as long as you comply with the Development Schedule (as defined below). If you fail to meet any of your obligations under this Agreement, including compliance with the Development Schedule, or if you breach any Franchise Agreement executed by you pursuant to this Agreement, we may terminate this Agreement along with your right to develop, open and operate new Units within the Development Area, but the termination of this Agreement and the right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of this Agreement, we may own, operate, franchise or license others to operate additional Units anywhere,

without restriction, including in your Development Area, except for within any Assigned Territories under your Franchise Agreement(s) which remain in effect.

B. The Rights We Retain in the Development Area. Except as limited by Section I.A. above, we and our affiliates retain all rights with respect to Pickleman’s Gourmet Cafes, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Pickleman’s Gourmet Cafes immediately adjacent to your Development Area or anywhere outside of your Development Area; (2) the right to operate or license other to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; (3) the right to operate or license other to operate businesses that are not similar to a Pickleman’s Gourmet Cafe under the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at the Cafe) through other channels of distribution (including grocery stores, the Internet and other non-restaurant outlets) both inside and outside of your Development Area. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

II. DEVELOPMENT OBLIGATIONS

A. Development Schedule. You will construct, equip, open and operate within the Development Area the number of Units set forth in Section IV below within each of the time periods described in Attachment B attached to this Agreement (“Development Schedule”). You must execute a Franchise Agreement in substantially the form of Attachment A subject to any changes or modifications required by any applicable laws or, at our option, the then current form of the Franchise Agreement and pay the remaining balance of the Initial Franchise Fee due for each of the Subsequent Units within the time periods described in the Development Schedule. Further, you must open each Unit within the time period described in the Franchise Agreement applicable to each Unit and in the Development Schedule. You will at all times faithfully and diligently comply with the obligations imposed by this Agreement and under the Franchise Agreement for each Unit.

B. Force Majeure/Time of Essence. It is of material importance to us that you timely perform all obligations under this Agreement and the Franchise Agreement for each Unit. Should you be unable to meet the Development Schedule solely as the result of force majeure, which includes strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including our inability to deliver a Franchise Disclosure Document), and which you could not have avoided by the exercise of due diligence, the Development Schedule will be extended by the amount of time during which such force majeure existed.

III. TERM. The term of this Agreement will start on the date this Agreement is signed by both parties and you have paid us the Development Fee. Unless terminated earlier according to the terms of this Agreement, the term of this Agreement and all area development rights granted in this Agreement will expire at the earlier of the opening of the last Unit listed in the Development Schedule or the expiration date listed on Attachment B. There is no right to renew this Agreement.

IV. DEVELOPMENT FEE. In exchange for the rights granted under this Agreement, you will pay us a Development Fee of \$20,000 for each of the proposed Subsequent Units. The amount of the Development Fee is set forth in Attachment B. You will pay us the Development Fee when you sign this Agreement. The portion of the Development Fee attributable to each Subsequent Unit will be credited against the Initial Franchise Fee due under each separate Franchise Agreement for each applicable

Subsequent Unit. You will be required to pay the balance of the Initial Franchise Fee due under each Franchise Agreement when you sign the applicable Franchise Agreement.

For example, if you agree to open 4 Units under the ADA, you will pay us \$95,000 (Initial Franchise Fee and Development Fee) calculated as follows:

- (1) sign a Franchise Agreement and pay an Initial Franchise Fee for the first Unit equal to \$35,000, and
- (2) sign an ADA and pay a Development Fee of \$60,000 (3 x \$20,000).

When you sign the Franchise Agreement for each additional Unit, you will owe an Initial Franchise Fee of \$30,000, receive a credit of \$20,000 (the portion of the Development Fee attributable to Unit 2) and therefore pay us the balance of the Initial Franchise Fee due which is \$10,000.

You recognize that we have incurred administrative and other expenses in relation to this Agreement, and that development opportunities have been lost or curtailed as a result of the exclusivity granted in this Agreement. For this reason, no part of the Development Fee is refundable, even if you fail to proceed with the development of Units under this Agreement.

V. **FRANCHISE AGREEMENT**

A. **Signing the Franchise Agreement.** Within the times specified in the Development Schedule, you must execute a Franchise Agreement for each Subsequent Unit and pay the balance of the Initial Franchise Fee owed under that Franchise Agreement. You will execute a Franchise Agreement in the form of Attachment A subject to any changes or modifications required by any applicable laws or, at our option, the then current form of Franchise Agreement. In no event will you be required to sign a Franchise Agreement until such time as we have complied with any applicable waiting periods according to law.

B. **Complying with the Franchise Agreement.** After you sign a Franchise Agreement, you will fully comply with all of the terms contained in the Franchise Agreement including paying all of the fees required by that Franchise Agreement in a timely manner. **HOWEVER, YOU DO NOT OBTAIN ANY RIGHTS AS A FRANCHISEE FOR A PARTICULAR LOCATION UNTIL A FRANCHISE AGREEMENT IS SIGNED BY YOU AND US AND YOU HAVE PAID US THE BALANCE OF THE INITIAL FRANCHISE FEE.** You must submit all proposals for sites to us for our consent. We have the right, in our absolute discretion, to withhold our consent to any site you propose. Our consent to the site is no assurance of success.

C. **Our Discretion.** You acknowledge that all Units must be developed and operated according to our standards. You agree and recognize that we may refuse to grant a Franchise Agreement for a Subsequent Unit if we believe, in our reasonable judgment, that you do not have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Subsequent Unit. We may take into account, among other things, your past performance and financial success of your existing Units. In order to assist us in making such a determination, you must provide us, upon our request, the financial and other information regarding your existing Unit(s) and the proposed Subsequent Unit. Our approval, however, is not deemed to be a warranty of your financial or other ability to develop and operate the proposed Subsequent Unit(s).

D. **Marks.** You acknowledge that we are not granting you any right to use the Marks under this Agreement. Any rights you receive regarding the use of the Marks arise from the Franchise Agreement you signed or will sign and you may only used the Marks pursuant to the terms of that Franchise Agreement.

VI. ASSIGNABILITY

A. **By You.** We have granted these development rights in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of your and your owners. Therefore, there can be no transfer of any interest in this Agreement, or you (“Transfer”), without our prior written consent. Any consent by us will not operate as a consent to any future such Transfer, and no future such Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. We will not unreasonably withhold our consent to such a Transfer, provided that the following conditions are satisfied:

(a) You have substantially performed the obligations and duties under this Agreement and any other agreements between you and us; and

(b) You must pay us all amounts you owe to us and our affiliates under this Agreement and all other agreements between you and us; and

(c) You must pay a non-refundable transfer fee in the amount of \$5,000 for each undeveloped Subsequent Unit, which amount will not be applied to the Initial Franchise Fee that will be due when the Unit is developed; and

(d) You and all of your officers, directors, shareholders (as well as guarantors under this Agreement) will execute a general release (in the form approved by us) of any and all claims which you have or may have against us and our affiliates and our respective officers, directors, employees and agents arising out of the franchise relationship, to the extent permitted by applicable law; and

(e) The proposed transferee meets our established standards for new area developers (including experience, character, skill, aptitude, business ability, and financial capability), is of good moral character, has a good credit rating and sufficient financial resources to operate the business; and

(f) The proposed transferee and/or the transferee’s managers will successfully complete and pass the training course then in effect for our franchisees and area developers, or otherwise demonstrate to our satisfaction, sufficient ability to operate and manage the Units and perform the obligations of this Agreement; and

(g) The proposed transferee assumes all of your obligations and liabilities (however, such assumption will not relieve you of any such obligations and liabilities); and

(h) The purchase price or terms of the sale are, in our judgment, economically feasible to the proposed transferee (however, our approval is no assurance that the sale is on economically reasonable terms); and

(i) We may, in our absolute discretion, require that the Transfer include the assignment of all of the undeveloped Subsequent Units.

B. **By Us.** This Agreement is fully assignable, in whole or in part, by us, without your consent. Upon our assignment, we are relieved of all liability under this Agreement and all rights and obligations will accrue to our successor or assignee.

C. **No Subfranchising.** You will not offer, sell, or negotiate the sale of Pickleman's Gourmet Cafe restaurant franchises to any third party, either in your name or on our behalf or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting you the right to do so.

VII. **DEFAULT AND TERMINATION**

A. **Default by You.** Upon written notice to you, we may terminate this Agreement for cause, but without providing you an opportunity to cure, in the event of any material breach of this Agreement by you. Material breach, as used in this Section VII, will include, among other things, the following:

(a) Any attempt by you to sell, assign, Transfer in violation of the terms of this Agreement;

(b) Your failure to develop each of the Units within the Development Schedule set forth in this Agreement;

(c) Your bankruptcy, insolvency or general assignment for the benefit of creditors;

(d) Any material breach by you or your affiliate of any Franchise Agreement or other agreement between you or your affiliates and us or our affiliates which is not cure within the applicable cure period in that agreement; or

(e) You or your owners commit or are convicted of, or plead guilty or no contest to, a felony or crime of moral turpitude or fraud which we believe my adversely affect the System or goodwill associated with the Marks.

B. **Rights on Termination, Expiration or Assignment.** Upon expiration, assignment or termination, for any reason, of this Agreement, all of your rights regarding the Development Area will cease and any remaining rights you may have to open any Subsequent Unit will cease. We will be entitled to establish, or to license others to establish, restaurants using the Marks and System in the Development Area, subject to the provisions in any existing Franchise Agreements you or your affiliates have with us relating to the Assigned Territory defined in those Franchise Agreements. You or your affiliates will continue to operate Pickleman's Gourmet Cafe restaurants according to the signed Franchise Agreements between you or your affiliates and us, if such Franchise Agreements have not been terminated. A default and termination under this Agreement does not constitute a default and termination under any Franchise Agreement between you or your affiliates and us.

VIII. **DISPUTE RESOLUTION.**

A. **Mediation.** Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this

fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in Boone County, Missouri, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the Mediation does not have to be conducted under the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the Mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator’s fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, You and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between you and us arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court for the Western District of Missouri when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Missouri law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims we have relating to its trademarks, service marks, patents or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in Boone County, Missouri. Both parties agree to submit to the jurisdiction of the state and federal court for Boone County, Missouri.

C. Arbitration. In the event that the federal court described above does not have jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Boone County, Missouri (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association (“AAA Rules”), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply.

Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party is limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes us, our respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, we may appeal the arbitration award in federal or state court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the Term of this Agreement. The arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. **Dispute Resolution Fee.** In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of our expenses incurred in curing your breach (including, without limitations, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). You acknowledge and agree that the we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

IX. MISCELLANEOUS

A. **Notices.** All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of delivery; (ii) three (3) business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery. All notices addressed to you must be sent to the address listed on the signature page of this Agreement or at such other address you will specify in a notice to us.

B. **Severability.** If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of the Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

C. **Non-Waiver.** Neither party's waiver of a breach or default by the other, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, will be deemed a waiver, nor will it impair rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent the assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Unit, but the waiver in favor of any other franchisee or Unit will not prevent us from enforcing the requirements against you, all other franchisees and all other Units.

D. **Remedies.** The remedies available to us are non-exclusive and nothing stated in this Agreement will act to prevent our pursuit of any other rights or remedies arising due to termination of this Agreement which may otherwise become available to us in law or equity.

E. **Attorney's Fees.** If we incur attorneys' fees or other expenses in seeking enforcement or defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees).

F. **Approval And Guarantees Of Shareholders, Partners Or Members.** If you are a corporation, partnership or limited liability company, all shareholders, partners or members (and their shareholders, partners or members if they are an entity) will guarantee each Franchise Agreement for a Unit.

G. **Choice Of Law.** You acknowledge that this Agreement was accepted in the State of Missouri. You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Missouri, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Missouri without regard to the principals of conflict of laws. If, however, any provision of this Agreement would not be enforceable under the laws of Missouri, and if the Development Area is located outside of Missouri and the provision would be enforceable under the laws of the State in which the Development Area is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the State where the Development Area is located. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Missouri, and you and your guarantors irrevocably submit to this jurisdiction and waive any objection to the application of Missouri law or to the jurisdiction or venue in those Missouri courts.

The provisions of this Agreement which conflict with any applicable law will be ineffective, but only to the extent not in accordance with applicable law, and instead, we will comply with the applicable law respecting each of these matters. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement. We are not, however, precluded from contesting the validity, enforceability, or applicability of any state laws or regulations in any action relating to this Agreement or to its rescission or termination.

H. **Non-Liability Of Our Affiliates.** We are the only entity obligated to you under this Agreement. You may not look to any of our affiliates or related companies, other business entities or individuals for performance of this Agreement.

I. **Limitation of Legal Actions.**

1. IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

2. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

3. ANY DISAGREEMENT BETWEEN YOU (AND YOUR GUARANTORS AND OWNERS) AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU (AND YOUR GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, OWNERS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

4. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

5. OUR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF OUR OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT YOU PAID TO US WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY US.

J. **Receipt of the FDD.** You acknowledge receipt of our franchise disclosure document (“FDD”) along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least 7 days to review them.

K. **Construction Of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires; if more than one party or person is referred to as

you, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation.

L. **Entire Agreement.** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the FDD furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. No amendment to this Agreement is binding unless executed in writing by both parties. All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Franchise Agreement attached hereto.

M. **Execution and Electronic Signatures.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement and all related documents may be executed and delivered by facsimile or other electronic signature method by any of the parties to any other party and each will be deemed original signatures. Electronic copies of this document shall constitute and be deemed an original copy of this document for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this document. The receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

X. **INDEPENDENT CONTRACTOR/INDEMNIFICATION**

A. **Independent Contractor.** We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that their relationship is other than franchisor and franchisee.

B. **Indemnification.** Under no circumstances will we be liable for any act, omission, debt, or other obligation of yours. To the fullest extent permitted by law, you (for yourself and your employees, agents, subcontractors, successors and assigns) agrees, at your sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand us, and all entities related to us and our and their respective directors, officers, members, employees agents, managers, partners, attorneys,

licensees, affiliates successors and assigns (“Indemnified Parties) for and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative orders, consent agreements, costs, disbursements or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys’ and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of yours or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (“Indemnitors”) arising out of or related to (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone whose acts they may be liable relative to the business contemplated by this Agreement; (ii) any breach by the Indemnitors or any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney’s fees, of enforcing this indemnification provision. The obligations of Indemnitors are joint and several.

This indemnification must not be construed to indemnify an Indemnified Party to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision will not apply to such party, but will continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.

XI. REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT

YOU HAVE BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF OUR OPERATIONS. WE HAVE NOT AND DO NOT REPRESENT THAT YOU CAN EXPECT TO ATTAIN A SPECIFIC LEVEL OF SALES, PROFITS, OR EARNINGS. YOU HAVE BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THE FRANCHISE AND THE DEVELOPMENT RIGHTS GRANTED HEREIN. YOU ACKNOWLEDGE THAT YOU ARE ENTERING INTO THIS AGREEMENT, AND ALL ANCILLARY AGREEMENTS EXECUTED CONTEMPORANEOUSLY WITH THIS AGREEMENT, AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND NOT ON RELIANCE OF OR AS A RESULT OF ANY REPRESENTATIONS MADE BY OUR OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, ATTORNEYS, FRANCHISEES OR BROKERS WHICH ARE NOT CONTAINED IN OR ARE CONTRARY TO THE TERMS SET FORTH IN THIS AGREEMENT OR OF ANY REPRESENTATION IN THE FDD WE FURNISHED TO YOU. YOU UNDERSTAND THAT YOU MAY SUSTAIN LOSSES AS A RESULT OF THE OPERATION OR THE CLOSING OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. YOU UNDERSTAND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES A HIGH DEGREE OF FINANCIAL RISK AND DEPENDS TO A LARGE DEGREE ON YOUR SKILLS, ABILITIES, INITIATIVE, AND HARD WORK. THIS AGREEMENT IS EFFECTIVE ONLY ONCE YOU AND WE BOTH SIGN THE AGREEMENT.

YOU REPRESENT TO US THAT YOUR SIGNATURE ON AND PERFORMANCE OF THIS AGREEMENT DOES NOT VIOLATE OR CONSTITUTE A BREACH OF THE TERMS OF ANY OTHER AGREEMENT OR COMMITMENT TO WHICH YOU, YOUR GUARANTORS OR ANY OF YOUR OR THEIR AFFILIATES ARE A PARTY.

UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE “ORDER”), WE ARE PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM AS DEFINED IN THE ORDER. ACCORDINGLY, YOU DO NOT, AND HEREAFTER WILL NOT, ENGAGE IN ANY TERRORIST ACTIVITY. IN ADDITION, YOU ARE NOT AFFILIATED WITH AND DO NOT SUPPORT ANY

INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. FINALLY, YOU ARE NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY.

NO PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT AN AUTHORIZED OFFICER OF OURS BY A WRITTEN DOCUMENT. NO REPRESENTATIONS AS TO PROJECTIONS, FINANCIAL PERFORMANCE, POTENTIAL SUCCESS, FUTURE PROFITS, PROMISES, GUARANTEES OR WARRANTIES OF ANY KIND ARE AUTHORIZED TO BE MADE BY US OR OUR AFFILIATES OR REPRESENTATIVES.

YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTAND THIS AGREEMENT AND ITS ATTACHMENTS; THAT YOU HAVE HAD AN OPPORTUNITY TO ASK US ALL QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM, AND THAT WE HAVE ANSWERED ALL YOUR QUESTIONS TO YOUR SATISFACTION.

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

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

PICKLEMAN'S FRANCHISING, LLC

By: _____
_____, _____

Address: P.O. Box 467, Hallsville, MO 65255

AREA DEVELOPER

By: _____
_____, _____

Address: _____

ATTACHMENT A
FORM OF FRANCHISE AGREEMENT

ATTACHMENT B (ADA)

DEVELOPMENT AREA, DEVELOPMENT FEE, DEVELOPMENT SCHEDULE AND EXPIRATION DATE

Development Area

The Development Area is:

_____ exclusive of any Non-Traditional Locations.

Development Fee

Number of Units: _____

Franchise Fee for the first Unit _____

Amount of the Development Fee: _____

Total _____

Development Schedule

Unit Number	Date Franchise Agreement must be executed and Initial Franchise Fee paid	Date Cafe Must Be Opened

Expiration Date

The expiration date is _____.

EXHIBIT C
TABLE OF CONTENTS OF MANUAL

Table of Contents

<i>ACKNOWLEDGMENT OF RECEIPT</i>	2
Chapter 1 – About This Manual	8
<i>Welcome</i>	8
<i>Introduction and Overview</i>	8
<i>How to Use this Manual</i>	9
<i>Confidentiality</i>	10
<i>Updating the Manual</i>	10
<i>Mandatory and Non-Mandatory Provisions of the Manual</i>	11
<i>Other Important Information</i>	12
Chapter 2 – Franchisee Orientation and the Company	13
<i>History of Company</i>	13
<i>Company Code of Ethics</i>	13
<i>Company Mission and Vision Statement</i>	14
<i>Your Relationship and Responsibilities with Company</i>	14
<i>Franchisee Accountabilities</i>	15
Chapter 3 – Pickleman’s Marks and Standards	16
<i>Marks (Mandatory)</i>	16
<i>Maintaining Company Image (Mandatory)</i>	17
<i>Conduct of Business (Mandatory)</i>	18
<i>Customer Service Standards (Suggestive)</i>	19
<i>Goals- Planning and Development</i>	22
<i>Use of Approved Vendors (Mandatory)</i>	22
<i>Use of Approved Standard Forms (Suggestive)</i>	23
<i>Required Minimum Insurance Coverage (Mandatory)</i>	23
Chapter 4 – Starting and Operating Your Business	25
<i>Location Criteria (Suggestive)</i>	25
<i>Location Evaluation Form</i>	25

<i>Lease Negotiations (Suggestive)</i>	26
<i>Permits and Licenses (Mandatory)</i>	27
<i>Equipment (Mandatory)</i>	27
<i>Construction (Mandatory)</i>	37
<i>Office Set Up (Suggestive)</i>	42
<i>Computers and Software (Mandatory)</i>	43
Chapter 5 - Locating and Hiring of Good Employees (Suggestive)	46
<i>Placing Position Advertisements</i>	46
<i>Interviewing</i>	47
<i>More Interviewing and Selection Tips</i>	47
<i>Making Hiring Decisions</i>	52
<i>W-4 Form</i>	52
Chapter 6 Monitoring POS System Information (Suggestive)	54
<i>Sales</i>	54
<i>Order Audit</i>	54
<i>Cash Adjustments</i>	54
<i>Employee Labor</i>	55
<i>Systems</i>	56
Chapter 7 – Accounting and Finance	57
<i>Required Reports (Mandatory)</i>	57
<i>ACH Payment of Required Royalties, Fees, and Advertising Fund (Mandatory)</i>	57
<i>Payroll</i>	57
<i>Pricing of Services and Products</i>	58
Chapter 8 – Increasing Sales	59
<i>Marketing</i>	59
<i>Community Outreach Programs</i>	59
<i>Sponsorship in the Community</i>	59
<i>Phone Book – Yellow Pages Advertising</i>	59
<i>Training, Coaching, and Using Key Metrics with Staff</i>	59
<i>Grass Roots</i>	59
<i>Social Media Campaign and Interaction</i>	60

<i>Store Interior</i>	60
<i>Promotional Items</i>	60
<i>Advertising Requirements</i>	60
<i>Gift Card</i>	61
Chapter 9 – Personnel (Suggestive except where specifically noted as mandatory)	62
<i>Complying with the Law</i>	62
<i>Overview of Basic Team Positions</i>	63
<i>Basic Team Positions</i>	63
<i>Management Team:</i>	64
<i>Food Safety standards</i>	64
<i>Placing Position Advertisements</i>	66
<i>Interviewing</i>	67
<i>W-4 Form</i>	67
<i>Required Documentation and Records</i>	67
Chapter 10 – Management Training Program	70
<i>Training</i>	70
<i>Planning and Development</i>	70
Chapter 11 – Food Operations	71
<i>Using Company Systems (Suggestive)</i>	71
<i>Company Systems Breakdown and Suggested Checklists (Suggestive)</i>	71
<i>Food Safety (Suggestive except where otherwise noted as Mandatory)</i>	73
<i>The Safe Food Handler</i>	73
<i>Your Buildings and Equipment should be maintained in Top Condition (Mandatory)</i>	74
<i>HACCP</i>	74
<i>Suggested Learning Activity</i>	75
<i>Manager in Charge (Suggestive)</i>	76
<i>Facilities</i>	78
<i>Food</i>	79
<i>Sample Daily Temperature Log</i>	80
<i>Sample Cooling Log</i>	81
Chapter 12 Safety and Security	85

<i>Tips on General Safety Procedures and Practices:</i>	85
<i>Security and Safety Tips:</i>	85
<i>Menus and Printing (Mandatory)</i>	87
<i>Store Artwork</i>	88
<i>Utilizing Ordering System and Process</i>	88
<i>Appendix</i>	89
<i>Local Contact List</i>	89
<i>Sample Application</i>	89
<i>Royalty Deduction form</i>	92
<i>Sample Screening Interview</i>	93
<i>Sample Interview Chart</i>	94
<i>Sample Personnel File Checklist</i>	95
<i>W-4</i>	96
<i>Employment Eligibility Verification / I9</i>	98
<i>Sample Training Checklist – Driver</i>	103
<i>Sample Training Checklist – In Shop</i>	105
<i>Sample Performance Review – Employee Review</i>	107
<i>Sample Performance Review – General Manager</i>	109
<i>Sample Performance Review – Manager</i>	111
<i>Sample Performance Review – District Manager</i>	112
<i>Store Condition / Cleanliness Audit</i>	115
<i>Location Injury / Incident Report</i>	120
<i>Sample Price Comparison Table</i>	120
<i>Sample Corrective Action</i>	121
<i>Action and Development Plan</i>	123
Chapter 13 Checklists & Procedures	124
<i>Opening Checklist</i>	124
<i>Opening Checklist</i>	125
<i>M.I.C. Checklist</i>	126
<i>Punch List</i>	127
<i>Closing Checklist</i>	128
<i>Position Chart</i>	129

Planning Worksheet to Establish Pars 130
Weekly Standing To Do List 131
Chapter 14 Sample Employee Handbook..... 133

EXHIBIT D
STATE SPECIFIC ADDENDA TO
FDD, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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.

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

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

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

Pickleman’s Franchising, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

ILLINOIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Area Development Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

Pickleman’s Franchising, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

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

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

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

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec.

80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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.

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

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

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

Pickleman’s Franchising, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO AREA DEVELOPMENT AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Area Development Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Area Development Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

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

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Area Development Agreement; or (3) failure of the franchisee to cure a default under the Area Development Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Area Development Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Area

Development Agreement shall abrogate or reduce any of franchisee’s rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Area Development Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

Pickleman’s Franchising, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According 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.”

Franchise Questionnaires and Acknowledgments:

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 ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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.

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

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

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

Pickleman’s Franchising, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

VIRGINIA ADDENDUM TO AREA DEVELOPMENT AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

Pickleman’s Franchising, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

EXHIBIT E
LIST OF FRANCHISEES

Arkansas

Hungry Hog LLC
410 W. Dickson Street
Fayetteville, AR 72701
(479) 966-4656

Hungry Hog Rogers, LLC
2204 Promenade Blvd
Rogers, AR 72758
(479) 239-1111

Indiana

Fun Food, Inc.
9510 E. 146th Street, Suite 104
Noblesville, IN 46060
(317) 900-1975

Kansas

Royer Investments
818 Massachusetts
Lawrence, KS 66044
(785) 856-6700

West Lawrence, RIC
3514 W. Clinton Pkwy, Unit E
Lawrence, KS 66047
785-856-9060

Peak Performance Brands-Olathe, LLC
13516 S. Alden St.
Olathe, KS 66062
(913) 391-7006

Missouri

Lay Group CC, LLC
11921 Olive Blvd.
Creve Coeur, MO 63141
(314) 473-1155

[FWST&S](#) Franchising, LLC
1106 East Broadway
Columbia, MO 65201
(573) 875-2400

~~2024~~[2025](#) Pickleman's FDD
~~80003079v1~~
[80003079v4](#)

| [TWST&S](#) Franchising, LLC
3103 West Broadway, Suite 105
Columbia, MO 65203
(573) 875-0400

| [TWST&S](#) Franchising, LLC
2513 Old Hwy 63 South
Columbia, MO 65201
(573) 886-2300

Starke Franchising, LLC
509 Westport Road
Kansas City, MO 64111
(816) 756-5585

| [StarkeT&S](#) Franchising, LLC
7442 Wornall
Kansas City, MO 64114
(816) 214-5155

| ~~12th and Walnut~~ [SFT&S Franchising](#), LLC
25 East 12th Street, Suite 105
Kansas City, MO 64106
(573) 694-9973

MW Investment Group, LLC
333 E. Walnut
Springfield, MO 65806
(417) 851-6900

Weseman Enterprises, LLC
2041 Zumbahl Rd.
St. Charles, MO 63303
(636) 946-9004

Lay Group STL, LLC
3722 Laclede Street
St. Louis, MO 63108
(314) 802-7410

Nebraska

Toasted Elkhorn, LLC
1317 S. 204th St
Elkhorn, NE 68022
(531)466-3618

HCW Franchising, Inc.
1442 O Street, Suite A
Lincoln, NE 68508
(402) 477-5700

| ~~2024~~[2025](#) Pickleman's FDD
~~80003079v1~~
[80003079v4](#)

Harrington Restaurants, Inc.
1908 S. 67th Street
Omaha, NE 68105
(402) 991-6700

Toasted LLC
370 N 114th Street
Omaha, NE 68154
(402) 614-1144

Toasted 2 LLC
3201 Farnam Street, #6104
Omaha, NE 68131
(402) 614-1144

Harrington Restaurants, Inc.
1503 Farnam Street
Omaha, NE 68102
(402) 505-9775

Toasted L Street, LLC
12330 K Plaza, Suite 101
Omaha, NE 68137
(402) 502-8584

Toasted Millard, LLC
6720 S 168th Street #1
Omaha, NE 68136
(402) 315-2187

Oklahoma

Hungry Sooner Edmond, LLC
410 S Bryant Ave
Edmond, OK 73034
(405) 876-6200

BW Investment Group, LLC
759 Asp Avenue
Norman Oklahoma 73069
(405) 310-3333

Hungry Sooner May, LLC
6001 North May Ave.
Oklahoma City, OK 73112
(405) 708-6700

[Owasso](#)
[11310 E96th Street N](#)
[Owasso, OK 74055](#)
[\(918\) 514-5325](#)

Hungry Cowboy Holdings
321 S. Washington St
Stillwater, OK 74074
(479) 239-1111

[Wills Properties, LLC](#)
[12724 NW 10th Street](#)
[Ykon, OK 73099](#)
[\(405\) 467-2077](#)

FRANCHISEES WHO SIGNED BUT HAVE NOT OPENED AS OF DECEMBER 31, 2024

~~Owasso~~

~~[555 w Sunset Ave*](#)
[Springdale, AR 72762](#)
[479-316-3600](#)
[Allen@thepickleteam.com](#)~~

~~[Tulsa, OK](#)
(Address TBD)
Allen@thepickleteam.com~~

~~[Yukon, OK](#)
(Address TBD)
Allen@thepickleteam.com~~

~~[Hungry Harden LLC](#)
4020 W University Dr STE 400
McKinney, Texas 75071
jesse@thepickleteam.com~~

~~Prosper, TX
(Address TBD)
jesse@thepickleteam.com~~

~~[jesse@thepickleteam.com](#)~~

~~[Richardson, TX](#)
(Address TBD)
cole@integritylps.com~~

~~[*Opened in 2025](#)~~

~~2024~~2025 Pickleman's FDD
~~80003079v1~~
~~80003079v4~~

FRANCHISEES WHICH LEFT THE SYSTEM

(The list of franchisees which have been terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Application Date.) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

~~[KRM & Associates](#)
[3023 Highway K](#)
[O'Fallon, MO 63368](#)
[\(636\) 272-7000](#)~~

~~[TWS Franchising, LLC**](#)
[Columbia, MO](#)
[\(573\) 875-2400](#)~~

~~[Stark Franchising, LLC*](#)
[Kansas City, MO](#)
[\(816\) 214-5155](#)~~

~~[12th and Walnut SF*](#)
[Kansas City, MO](#)
[\(573\) 694-9973](#)~~

~~[*Transfers](#)
[**Transferred multiple outlets](#)~~

EXHIBIT F
FINANCIAL STATEMENTS

PICKLEMAN'S FRANCHISING, LLC

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
MODIFIED-CASH BASIS

FOR THE YEARS ENDED

DECEMBER 31, 2024 and 2023

Prepared By

WINFREY
CERTIFIED PUBLIC ACCOUNTANTS, LLC
COLUMBIA, MISSOURI

Pickleman's Franchising, LLC
Independent Auditor's Report and Financial Statements

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Assets, Liabilities, and Equity-Modified-Cash Basis	3
Statements of Revenue & Expenses & Changes in Member's Equity-Modified-Cash Basis	4 - 5
Schedule of Cash Flows-Modified-Cash Basis	6
Notes to the Financial Statements	7 - 12



Winfrey Certified Public Accountants, LLC

Jane E. Rasmussen, C.P.A.
Kelly Petree, CPA, CCM

Member of
American Institute of C.P.A.s
Missouri Society of C.P.A.s

INDEPENDENT AUDITOR'S REPORT

To the Member Owners of
Pickleman's Franchising, LLC
Hallsville, Missouri

Opinion

We have audited the accompanying financial statements of Pickleman's Franchising, LLC (a Limited Liability Company) which comprise the statements of assets, liabilities, and equity as of December 31, 2024 and 2023 and the statements of revenue and expenses and changes in member's equity, and schedule of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pickleman's Franchising, LLC, as of December 31, 2024 and 2023 and the results of its operation and its cash flows for the years then ended in accordance with accounting principles modified-cash basis accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

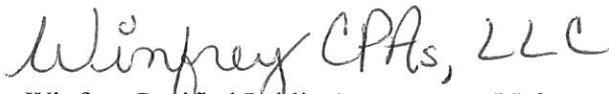
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Winfrey Certified Public Accountants, LLC
Columbia, Missouri

March 20, 2025

Pickleman's Franchising, LLC
Statements of Assets, Liabilities, and Equity - Modified-Cash Basis
As of December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 112,824	\$ 68,130
Restricted Cash - Gift Card and Advertising Funds	177,005	149,692
Accounts Receivable	19,455	41,959
Advertising Fund Receivable	5,681	-
Inventory	89,612	78,284
Prepaid Expenses	123,513	34,434
Due from Big Dill Productions, LLC	105	3,962
Due from Pickleman's Properties, LLC	-	9,029
Due from Pickleman's Enterprise, LLC	71,017	95,479
Total Current Assets	599,212	480,969
Fixed Assets		
Computers, Furniture, and Equipment	142,838	143,086
Automobiles and Trailers	297,066	305,330
Less: Accumulated Depreciation	(194,410)	(129,170)
Total Fixed Assets	245,494	319,246
Other Assets		
Loans to Shareholder	1,011,240	720,947
Total Other Assets	1,011,240	720,947
Total Assets	1,855,946	1,521,162
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 135,779	\$ 104,243
Sales Tax Payable	702	724
Accrued Payroll Expenses and Liabilities	42,245	36,997
Current Portion of Vehicle Loans	38,623	39,579
Current Portion of Lawsuit Liability	18,000	-
Total Current Liabilities	235,349	181,543
Long Term Liabilities		
Long Term Portion of Lawsuit Liability	76,671	-
Long Term Portion of Vehicle Loans	68,945	109,653
Total Long Term Liabilities:	145,616	109,653
Restricted Liabilities		
Advertising Fund - Unspent Portion	205,015	60,608
Gift Card Holding	375,894	212,275
Total Restricted Liabilities	580,909	272,883
Total Liabilities	961,874	564,080
Equity		
Member's Equity	894,072	957,082
Total Equity	894,072	957,082
Total Liabilities and Equity	\$ 1,855,946	\$ 1,521,162

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Statements of Revenue and Expenses and Changes in Member's Equity - Modified-Cash Basis
For the Years Ended December 31, 2024 and 2023

	2024	2023
Revenue		
Advertising Fund Income	\$ 1,029,354	\$ 986,238
Franchise Fee Income	210,000	50,000
Management Income	12,000	12,000
Product Income	27,750	54,100
Royalty Fee Income (Net Discounts of \$82,046 and \$41,639)	2,497,233	2,357,532
Total Revenue	3,776,337	3,459,870
Operating Expenses		
Advertising and Promotion	691,835	492,050
Bank and E-Commerce Service Charges	6,017	5,717
Depreciation	83,541	95,735
Donations	12,100	6,000
Dues and Subscriptions	82,614	57,648
Insurance Expense	126,333	149,257
Lawsuit Expense	118,171	-
License, Permits, and Taxes	4,700	5,201
Miscellaneous	19,219	19,620
Membership Dues	30,078	11,494
Office Supplies	6,861	2,890
Payroll	1,627,981	1,736,853
Parking	2,144	1,263
Postage and Delivery	2,310	1,399
Professional Fees	61,715	59,713
Product Supplies	25,879	49,042
Repairs and Maintenance	-	194
Product Development	(3,366)	6,968
Property Taxes	6,998	4,189
Storage	13,609	12,755
Supplies	2,562	47,735
Telephone Expense	14,644	17,912
Training, Conferences, and Travel	210,818	145,485
Meals	35,368	21,721
Uniform	949	3,049
Total Operating Expenses	3,183,080	2,953,890
Net Income from Operating Activities	593,257	505,980

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
 Statements of Revenue and Expenses and Changes in Member's Equity - Modified-Cash Basis
 For the Years Ended December 31, 2024 and 2023

Continued...

Other Income and Expenses		
Rebate Income	137,306	156,792
Other Income and (Expense)	3,840	3,197
Interest Expense	(10,940)	(9,447)
Gain/(Loss) on Equipment	(606)	(51,596)
Billable Expense	3,545	(11,395)
Net Other Income and Expenses	133,145	87,551
Net Income	726,402	593,531
Beginning Member's Equity	957,082	956,493
Adjustments to Beginning Member's Equity	-	-
Member's Net Distribution	(789,412)	(592,942)
Ending Member's Equity	\$ 894,072	\$ 957,082

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Schedule of Cash Flows-Modified-Cash Basis
For the Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in Net Income	\$ 726,402	\$ 593,531
Adjustments to reconcile change in member equity to net cash provided by operating activities:		
Depreciation and Amortization	83,541	95,735
(Gain)/Loss on Disposal of Fixed Assets	606	51,596
Member's Net Distributions	(789,412)	(592,942)
Changes in Assets and Liabilities		
Accounts Receivable	16,823	23,724
Inventory	(11,328)	1,759
Prepaid Expenses	(89,079)	(9,241)
Loan to Shareholder	(290,293)	(206,300)
Accounts Payable	31,536	21,189
Sales Tax Payable	(22)	(1,552)
Accrued Payroll Expenses and Liabilities	5,248	(58,303)
Advertising Fund - Unspent Portion	144,407	13,613
Gift Card Holding	163,619	22,381
Total Adjustments:	(734,354)	(638,341)
Net Cash Provided/(Used) by Operating Activities:	(7,952)	(44,810)
Financing Activities		
Cash (Outflows) From Related Party Loan	37,348	(19,168)
Cash Inflows From Loans	93,171	76,554
Payments on Loans	(40,165)	(121,724)
Net Cash Provided/(Used) by Financing Activities:	90,354	(64,338)
Investing Activities		
Purchases of Fixed Assets	(14,395)	(196,668)
Proceeds from Sale of Fixed Assets	4,000	159,125
Net Cash Provided/(Used) by Investing Activities:	(10,395)	(37,543)
Net Increase/(Decrease) in Cash and Cash Equivalents	72,007	(146,691)
Cash and Cash Equivalents at Beginning of Year	217,822	364,513
Cash and Cash Equivalents at End of Year	\$ 289,829	\$ 217,822
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for		
Interest	\$ 10,940	\$ 9,447

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1 – Summary of Significant Accounting Policies

Description of Organization

Pickleman's Franchising, LLC is a Missouri limited liability company, formed on August 20, 2007. There is only one class of member shares, and the majority ownership percentages makes all management decisions. The Company was formed for the purpose of franchising a quick serve restaurant specializing in toasted sandwiches, signature soups, salads, thin-crust pizza and specialty beverages under "Pickleman's Gourmet Cafe".

Franchise Operations

The Company grants franchises to independent operators, who in turn, pay an up-front franchise fee, technical assistance fees, and royalties for each restaurant opened. The franchise and technical assistance fees are recorded as income when each restaurant commences operations. Royalties are normally 6% of gross sales. Gross sales means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Pickleman's Gourmet Cafe; whether for cash, on credit, barter or otherwise exclusive of applicable sales, use or service taxes.

Franchise owners receive assistance in such areas as real estate site selection, construction consultation, purchasing and marketing from Company personnel, who also furnish these services to Company-operated restaurants. Franchise expenses are included in general and administrative expenses.

During the current year, three franchise outlet opened, none closed, fourteen was purchased, five transferred, and two are under construction, leading to a total of 32 franchised outlets as of December 31, 2024. Of this total, none are majority owned by an affiliate.

Method of Accounting

The financial statements have been prepared on an modified-cash basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants. Revenues are recognized when earned rather than when payment is received. Expenses and purchases of assets are recognized when the obligation is incurred rather than when the cash is disbursed.

Cash and Cash Equivalents

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

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

The balance in accounts receivable represents amounts due from franchisees of \$19,455 and \$41,959 as of December 31, 2024 and 2023, respectively. The advertising fund receivable balance was \$5,681 and \$0 as of December 31, 2024 and 2023, respectively. There were no receivables related to gift cards purchased or rebates from vendors as of December 31, 2024 and 2023. An allowance for doubtful accounts has not been provided, as it is the management's opinion that losses, if any, would not be material to the financial statements.

Inventory

Inventory on hand consists of in-store signage, apparel with the Pickleman's logo and other items that are available for purchase by franchisees. Inventory is stated at cost on a first-in, first-out basis. Inventory on hand totaled \$89,612 and \$78,284 as of December 31, 2024 and 2023, respectively.

Property and Equipment

Property and equipment are stated at cost. Equipment includes the costs of computers and office equipment. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using straight-line method ranging from three to seven years.

Franchise Development Cost

The Company follows the policy of capitalizing certain costs related to the development of its franchise program. These costs are being amortized on a straight-line basis over five years beginning with the opening of the first franchised outlet. As of December 31, 2024 and 2023 the franchise development cost had been fully amortized.

Compensated Absences

The Company allows full-time employees to receive compensation for paid time off (PTO). PTO is calculated per pay period and reset on the employee's work anniversary date. The amount of PTO received each year is based on length of service: up to two years of service, ten days annually; three to four years of service, fifteen days annually; five years of service; twenty days annually. Five days of unused PTO can be carried over to the following year on or about the employee's anniversary date. Any unused PTO over five days will be forfeited and upon separation of employment for any reason, no unused PTO time is paid out.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

Advertising Fee

The advertising fund is used to develop advertising and marketing materials and programs to place advertising and marketing that will benefit all Pickleman's Gourmet Cafés. An advertising fee of up to 3% of gross sales can be collected. For the year ended December 31, 2024 the advertising fee was 2.75% of gross sales for the entire year. For the year ended December 31, 2023 the advertising fee was 2.50% of gross sales for the entire year. Any advertising fees collected but not spent by year end are reported on the balance sheet as a liability.

Franchise and Royalty Fees

Royalties and fees are based on a percentage of franchisee-owned retail sales and are recorded as revenues by the Company when earned. For the years ended December 31, 2024 and 2023 the royalty fee was 6% of gross sales.

Income Taxes

The Company is treated as an S-corporation for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situation. Therefore, the financial statements do not reflect a provision for federal or state income taxes.

The Company recognizes tax benefits only to the extent that the Company believes it is "more likely than not" its tax positions will be sustained upon examination by the taxing authorities. Management believes all of the positions taken on its federal and state income tax returns would more likely than not be sustained upon examination, generally for three years after they are filed.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Management's estimates and assumption affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2 – Cash

The Company maintains various bank accounts in one commercial bank. Cash in these accounts, at times, exceeds \$250,000, the amount insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses on these accounts, and management believes the Company is not exposed to any significant risk in these cash accounts. As of December 31, 2024 and 2023, the Company's uninsured cash balances totaled \$0 and \$119,821, respectively.

NOTE 3 – Fixed Assets and Accumulated Depreciation

Fixed assets are recorded at cost when purchased. All assets that cost \$2,500 or more are capitalized. Depreciation is calculated using the straight-line method over the useful life of the asset ranging from three to seven years.

Depreciation expense is \$83,541 and \$95,735 as of December 31, 2024 and 2023, respectively.

Loss on the disposal of equipment is \$606 and \$51,596 as of December 31, 2024 and 2023, respectively.

NOTE 4 – Accrued Payroll and Payroll Taxes

The Company records the value of earned time off as a liability at the end of the year. The total value of accrued payroll, paid time off, and accrued payroll tax expense is \$42,245 and \$36,998 as of December 31, 2024 and 2023, respectively.

NOTE 5 – Restricted Liabilities

Advertising Fund Restricted Liability is the amount of advertising funds collected from franchisees but not spent. The Company is required to use these funds exclusively for advertising.

Gift Card Holding consists of income from the purchase of gift cards. It is expected that the majority of gift cards will be redeemed within one year of purchase.

The related liability balances for Advertising as of December 31, 2024 and 2023, are \$205,015 and \$60,608 , respectively.

The related liability balances for Gift Card Holding as of December 31, 2024 and 2023, are \$375,894 and \$212,275 , respectively.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 6 – Concentrations

More than 10% of the Company's operating revenue (excluding product income) came from various individual franchisees. In total, two franchisees paid 17% or \$622,158 of total revenue during the year ended December 31, 2024, and two franchisees paid 21% or \$689,418 during the year ended December 31, 2023. The company extends credit to customers in the ordinary course of business.

NOTE 7 – Rebate Program

The Company has agreements with various vendors such that the larger the purchase volume done by franchisees, the larger a rebate the Company receives from the vendors. Rebates due directly to the franchisees are also paid directly to the Company, which then distributes the funds back to the franchisees.

NOTE 8 – Related Party Transactions

An affiliate is a party that directly or indirectly, through one or more intermediary's controls, is controlled by or under common control with an enterprise.

A related party includes entities controlled by immediate family members, which is a broader definition than affiliates.

Pickleman's LLC, Pickleman's Franchising, LLC and Pickleman's Holdings, LLC are affiliates through common ownership. Toasted LLC, Toasted 2 LLC, HWC Franchising LLC, Harrington LLC, Toasted Elkhorn LLC, Toasted L Street LLC, and Toasted Millard LLC (all franchisees) as well as Big Dill Productions LLC, Pickleman's Enterprises, LLC, and Pickleman's Properties LLC, are related parties, but not affiliates of Pickleman's Franchising, LLC.

For the years ended December 31, 2024 and 2023, respectively, total income collected by Pickleman's Franchising, LLC from related parties consisted of advertising income of \$316,273 and \$268,689; management fee income of \$0 and \$0; product income of \$12,336 and \$5,682; franchise fee income of \$10,000 and \$0; and royalty income of \$690,628 and \$647,326.

A portion of all rebate income collected by Pickleman's Franchising, LLC is distributed to all franchisees. Amounts distributed to franchisees considered related parties were \$7,065 and \$4,175 for the years ended December 31, 2024 and 2023.

Total amount due from related parties as of December 31, 2024 and 2023 was \$71,122 and \$108,470.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 8 – Related Party Transactions (continued)

Amounts due to employees as of December 31, 2024 and 2023 was \$0 and \$7,348. These amounts were primarily related to travel expense reimbursements.

NOTE 9 – Contracts

Pickleman's Franchising, LLC entered into a digital asset management contract with Bynder LLC, the term of which is February 8, 2022 - February 7, 2025. The contract will auto-renew unless terminated. Onboarding costs and subscription fees for 2022 totaled \$39,600. Subscription fees are \$31,800 annually for 2023 and 2024, invoiced in six-month increments. Pickleman's Franchising, LLC did not renew this contract in 2024.

NOTE 10 – Details of Long-Term Debt

In September 2021, Pickleman's Franchising LLC secured a vehicle loan in the amount of \$47,700 with an interest rate of 3.88% and 48 monthly payments of \$1,076 each. In February 2022, a vehicle loan in the amount of \$75,847 with an interest rate of 3.49% and 60 monthly payments of \$1,381 each. In December 2023, a vehicle loan in the amount of \$76,554 with an interest rate of 10.99% and 60 monthly payments of \$1,672 each. The \$76,554 note is paid off as of January 2025. The final payment was \$64,174. Principal of \$63,600 and interest of \$574. The vehicle was traded on another vehicle. The new vehicle traded for January 11, 2025, does not have a note.

Future maturities of long-term debt are as follows:

2025	90,436
2026	16,578
2027	4,144
2028	-
Total	<u>\$ 111,158</u>

NOTE 11 – Lawsuit Liability

Previously reported in the financial statements an alleged contingent liability may amount to \$200,000. The lawsuit was settled during the fiscal year 2024 with an actual loss of \$118,171. As of December 31, 2024, the company paid NPJ Enterprises \$23,500. The loss is represented in the income statement as lawsuit expense. Below is a chart of the liabilities for future years from the lawsuit loss:

2025	\$18,000
2026	\$18,000

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 11 – Lawsuit Liability (continued)

2027	\$18,000
2028	<u>\$40,671</u>
Total	<u>\$94,671</u>

NOTE 12 – Contingent Liability

A lawsuit has been filed in January 2025 against the company. A potential financial liability may occur in the future due to the lawsuit. The likelihood of a liability is possible. However, currently the company is unable to estimate the amount of future liability.

NOTE 13 – Shareholder Loan

As of December 31, 2024, and 2023, a non-interest-bearing loan to the majority shareholder were \$1,021,574 and \$720,947 respectively. During FY 2024, the majority shareholder \$300,627 increased the loan. Currently, there is no repayment written agreement established.

NOTE 14 – Change in Accounting Method

As of January 1, 2024, the company has elected to change their method of accounting from generally accepted accounting principles (GAAP) to the modified-cash basis. The Company will choose to still report accounts receivable and liabilities. Due to their materiality.

NOTE 15 – Subsequent Events

Management has evaluated subsequent events through March 20, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

PICKLEMAN'S FRANCHISING, LLC

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEARS ENDED

DECEMBER 31, 2023 and 2022

Prepared By

**WINFREY
CERTIFIED PUBLIC ACCOUNTANTS, LLC
COLUMBIA, MISSOURI**

Pickleman's Franchising, LLC
Independent Auditor's Report and Financial Statements

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Balance Sheets	3
Income Statements	4 - 5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 12



Winfrey Certified Public Accountants, LLC

Harry C. Winfrey, C.P.A.
Jane E. Rasmussen, C.P.A.

Member of
American Institute of C.P.A.s
Missouri Society of C.P.A.s

INDEPENDENT AUDITOR'S REPORT

To the Member Owners of
Pickleman's Franchising, LLC
Hallsville, Missouri

Opinion

We have audited the accompanying financial statements of Pickleman's Franchising, LLC (a Limited Liability Company) which comprise the balance sheets as of December 31, 2023 and 2022 and the related income statements, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pickleman's Franchising, LLC, as of December 31, 2023 and 2022 and the results of its operation and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

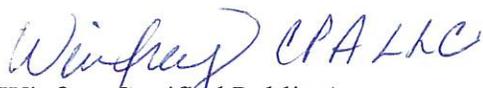
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Winfrey Certified Public Accountants, LLC
Columbia, Missouri

April 8, 2024

Pickleman's Franchising, LLC
Balance Sheets
As of December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 68,130	\$ 219,466
Restricted Cash - Gift Card and Advertising Funds	149,692	145,047
Accounts Receivable	41,959	33,222
Gift Card Receivable	-	20,535
Advertising Fund Receivable	-	11,926
Inventory	78,284	80,043
Prepaid Expenses	34,434	25,193
Due from Big Dill Productions, LLC	3,962	49,805
Due from Pickleman's Properties, LLC	9,029	39,497
Due from Pickleman's Enterprise, LLC	95,479	-
Total Current Assets	480,969	624,734
Fixed Assets		
Computers, Furniture, and Equipment	143,086	75,447
Automobiles and Trailers	305,330	470,026
Less: Accumulated Depreciation	(129,170)	(116,439)
Total Fixed Assets	319,246	429,034
Other Assets		
Loans to Shareholder	720,947	514,647
Total Other Assets	720,947	514,647
Total Assets	\$ 1,521,162	\$ 1,568,415
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 104,243	\$ 83,054
Sales Tax Payable	724	2,276
Accrued Payroll Expenses and Liabilities	36,998	95,301
Current Portion of Vehicle Loans	39,579	46,170
Total Current Liabilities	181,544	226,801
Long Term Liabilities		
Long Term Portion of Vehicle Loans	109,653	148,232
Total Long Term Liabilities:	109,653	148,232
Restricted Liabilities		
Advertising Fund - Unspent Portion	60,608	46,995
Gift Card Holding	212,275	189,894
Total Restricted Liabilities	272,883	236,889
Total Liabilities	564,080	611,922
Equity		
Member's Equity	957,082	956,493
Total Equity	957,082	956,493
Total Liabilities and Equity	\$ 1,521,162	\$ 1,568,415

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Income Statements
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenue		
Advertising Fund Income	\$ 986,238	\$ 752,670
Franchise Fee Income	50,000	15,000
Management Income	12,000	74,217
Product Income	54,100	133,029
Royalty Fee Income (Net Discounts of \$41,639 and \$0)	2,357,532	2,188,694
Shipping Income	-	19
Total Revenue	3,459,870	3,163,629
 Operating Expenses		
Advertising and Promotion	492,050	216,574
Bank and E-Commerce Service Charges	5,717	5,244
Depreciation	95,735	81,028
Donations	6,000	19,050
Dues and Subscriptions	57,648	44,389
Insurance Expense	149,257	121,082
License, Permits, and Taxes	5,201	5,101
Miscellaneous	19,620	12,252
Membership Dues	11,494	5,029
Office Supplies	2,890	21,539
Payroll	1,736,853	1,883,575
Parking	1,263	2,358
Postage and Delivery	1,399	3,294
Professional Fees	59,713	64,030
Product Supplies	49,042	111,948
Repairs and Maintenance	194	125
Product Development	6,968	1,765
Property Taxes	4,189	4,960
SBA Registry	-	500
Storage	12,755	11,238
Supplies	47,735	13,040
Telephone Expense	17,912	24,881
Training, Conferences, and Travel	145,485	262,377
Meals	21,721	63,183
Uniform	3,049	2,149
Total Operating Expenses	2,953,890	2,980,711
Net Income from Operating Activities	505,980	182,918

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Income Statements
For the Years Ended December 31, 2023 and 2022

Continued...

Other Income and Expenses		
Rebate Income	156,792	171,638
Other Income and (Expense)	3,197	5,049
Interest Expense	(9,447)	(9,573)
Gain/(Loss) on Equipment	(51,596)	(2,475)
Billable Expense	(11,395)	-
Net Other Income and Expenses	87,551	164,639
Net Income	593,531	347,557
Beginning Member's Equity	956,493	553,716
Adjustments to Beginning Member's Equity	-	394,648
Member's Net Distribution	(592,942)	(339,428)
Ending Member's Equity	\$ 957,082	\$ 956,493

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in Member Equity	\$ 589	\$ 402,777
Adjustments to reconcile change in member equity to net cash provided by operating activities:		
Depreciation and Amortization	95,735	81,028
(Gain)/Loss on Disposal of Fixed Assets	51,596	2,475
Changes in Assets and Liabilities		
Accounts Receivable	23,724	4,400
Inventory	1,759	(46,019)
Prepaid Expenses	(9,241)	12,634
Other Assets	(206,300)	(513,647)
Accounts Payable	21,189	(8,866)
Sales Tax Payable	(1,552)	2,163
Accrued Payroll Expenses and Liabilities	(58,303)	34,879
Advertising Fund - Unspent Portion	13,613	40,191
Gift Card Holding	22,381	15,958
Total Adjustments:	(45,399)	(374,804)
Net Cash Provided/(Used) by Operating Activities:	(44,810)	27,973
Financing Activities		
Cash (Outflows) From Related Party Loan	(19,168)	(51,151)
Cash Inflows From Loans	76,554	184,835
Payments on Loans	(121,724)	(35,433)
Net Cash Provided/(Used) by Financing Activities:	(64,338)	98,251
Investing Activities		
Purchases of Fixed Assets	(196,668)	(277,920)
Proceeds from Sale of Fixed Assets	159,125	-
Net Cash Provided/(Used) by Investing Activities:	(37,543)	(277,920)
Net Increase/(Decrease) in Cash and Cash Equivalents	(146,691)	(151,696)
Cash and Cash Equivalents at Beginning of Year	364,513	516,209
Cash and Cash Equivalents at End of Year	\$ 217,822	\$ 364,513
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for		
Interest	\$ 9,447	\$ 9,573

See the accompanying notes to the financial statements and independent auditor's report.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 1 – Summary of Significant Accounting Policies

Description of Organization

Pickleman's Franchising, LLC is a Missouri limited liability company, formed on August 20, 2007. There is only one class of member shares, and the majority ownership percentages makes all management decisions. The Company was formed for the purpose of franchising a quick serve restaurant specializing in toasted sandwiches, signature soups, salads, thin-crust pizza and specialty beverages under "Pickleman's Gourmet Cafe".

Franchise Operations

The Company grants franchises to independent operators, who in turn, pay an up-front franchise fee, technical assistance fees, and royalties for each restaurant opened. The franchise and technical assistance fees are recorded as income when each restaurant commences operations. Royalties are normally 6% of gross sales. Gross sales means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Pickleman's Gourmet Cafe; whether for cash, on credit, barter or otherwise exclusive of applicable sales, use or service taxes.

Franchise owners receive assistance in such areas as real estate site selection, construction consultation, purchasing and marketing from Company personnel, who also furnish these services to Company-operated restaurants. Franchise expenses are included in general and administrative expenses.

During the current year, one franchise outlet opened, none closed, one was purchased, one transferred, and three are under construction, leading to a total of 38 franchised outlets as of December 31, 2023. Of this total, none are majority owned by an affiliate.

Method of Accounting

The financial statements have been prepared on an accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants. Revenues are recognized when earned rather than when payment is received. Expenses and purchases of assets are recognized when the obligation is incurred rather than when the cash is disbursed.

Cash and Cash Equivalents

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

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 1 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

The balance in accounts receivable represents amounts due from franchisees including \$0 and \$11,926 for the advertising fund for 2023 and 2022, respectively. It also includes \$0 and \$20,535 related to gift cards purchased as of December of 2023 and 2022, the funds of which were not deposited in the Company's account until the following January. In addition, a total of \$0 and \$0 of rebates receivable from vendors is recorded as of December 31, 2023 and 2022. An allowance for doubtful accounts has not been provided, as it is the management's opinion that losses, if any, would not be material to the financial statements.

Inventory

Inventory on hand consists of in-store signage, apparel with the Pickleman's logo and other items that are available for purchase by franchisees. Inventory is stated at cost on a first-in, first-out basis. Inventory on hand totaled \$78,284 and \$80,043 as of December 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are stated at cost. Equipment includes the costs of computers and office equipment. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using straight-line method ranging from three to seven years.

Franchise Development Cost

The Company follows the policy of capitalizing certain costs related to the development of its franchise program. These costs are being amortized on a straight-line basis over five years beginning with the opening of the first franchised outlet. As of December 31, 2023 and 2022 the franchise development cost had been fully amortized.

Compensated Absences

The Company allows full-time employees to receive compensation for vacation and sick leave. Three days of sick leave are awarded in each calendar year. Vacation is accrued per pay period. The written policy states that compensated absences must be used in the year it is accrued or it will be forfeited. Actual practice has been to allow employees unable to use all their vacation time due to short staffing to accumulate and carry forward a balance.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 1 – Summary of Significant Accounting Policies (continued)

Advertising Fee

The advertising fund is used to develop advertising and marketing materials and programs to place advertising and marketing that will benefit all Pickleman's Gourmet Cafés. An advertising fee of up to 3% of gross sales can be collected. For the year ended December 31, 2023 the advertising fee was 2.50% of gross sales for the entire year. For the year ended December 31, 2022 the advertising fee was 2.25% of gross sales for the entire year. Any advertising fee amounts collected but not spent by year end are reported on the balance sheet as a liability.

Franchise and Royalty Fees

Royalties and fees are based on a percentage of franchisee owned retail sales and are recorded as revenues by the Company when earned. For the years ended December 31, 2023 and 2022 the royalty fee was 6% of gross sales.

Income Taxes

The Company is treated as an S-corporation for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. Therefore, the financial statements do not reflect a provision for federal or state income taxes.

The Company recognizes tax benefits only to the extent that the Company believes it is "more likely than not" its tax positions will be sustained upon examination by the taxing authorities. Management believes all of the positions taken on its federal and state income tax returns would more likely than not be sustained upon examination, generally for three years after they are filed.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Management's estimates and assumption affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 2 – Cash

The Company maintains various bank accounts in one commercial bank. Cash in these accounts, at times, exceeds \$250,000, the amount insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses on these accounts, and management believes the Company is not exposed to any significant risk on these cash accounts. As of December 31, 2023 and 2022, the Company's uninsured cash balances totaled \$10,747 and \$119,821, respectively.

NOTE 3 – Fixed Assets and Accumulated Depreciation

Fixed assets are recorded at cost when purchased. All assets that cost \$2,500 or more are capitalized. Depreciation is calculated using the straight-line method over the useful life of the asset ranging from three to seven years. In 2022, trailers were moved from the furniture and equipment category to the automobiles and trailers category.

Depreciation expense is \$95,735 and \$81,028 as of December 31, 2023 and 2022, respectively.

NOTE 4 – Accrued Payroll and Payroll Taxes

The Company records the value of earned time off as a liability at the end of the year. The total value of accrued payroll, paid time off, and accrued payroll tax expense is \$36,998 and \$95,301 as of December 31, 2023 and 2022, respectively.

NOTE 5 – Restricted Liabilities

Advertising Fund Restricted Liability is the amount of advertising funds collected from franchisees but not spent. The Company is required to use these funds exclusively for advertising.

Gift Card Holding consists of income from the purchase of gift cards. It is expected that the majority of gift cards will be redeemed within one year of purchase.

The related liability balances for Advertising as of December 31, 2023 and 2022, are \$60,608 and \$46,995 , respectively.

The related liability balances for Gift Card Holding as of December 31, 2023 and 2022, are \$212,275 and \$189,894 , respectively.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 6 – Concentrations

More than 10% of the Company's operating revenue (excluding product income) came from various individual franchisees. In total, two franchisees paid 21% or \$689,418 of total revenue during the year ended December 31, 2023 and two franchisees paid 21% or \$705,404 during the year ended December 31, 2022.

NOTE 7 – Rebate Program

The Company has agreements with various vendors such that the larger the purchase volume done by franchisees, the larger a rebate the Company receives from the vendors. Rebates due directly to the franchisees are also paid directly to the Company, which then distributes the funds back to the franchisees.

NOTE 8 – Related Party Transactions

An affiliate is a party that directly or indirectly, through one or more intermediary's controls, is controlled by or under common control with an enterprise.

A related party includes entities controlled by immediate family members, which is a broader definition than affiliates.

Pickleman's LLC, Pickleman's Franchising, LLC and Pickleman's Holdings, LLC are affiliates through common ownership. Toasted LLC, Toasted 2 LLC, HWC Franchising LLC, Harrington LLC, Toasted Elkhorn LLC, Toasted L Street LLC, and Toasted Millard LLC (all franchisees) as well as Big Dill Productions LLC, Pickleman's Enterprises, LLC, and Pickleman's Properties LLC, are related parties, but not affiliates of Pickleman's Franchising, LLC.

For the years ended December 31, 2023 and 2022, respectively, total income collected by Pickleman's Franchising, LLC from related parties consisted of advertising income of \$268,689 and \$224,960; management fee income of \$0 and \$0; product income of \$5,682 and \$13,610; franchise fee income of \$0 and \$0; and royalty income of \$647,326 and \$621,268.

A portion of all rebate income collected by Pickleman's Franchising, LLC is distributed to all franchisees. Amounts distributed to franchisees considered related parties were \$4,175 and \$7,052 for the years ended December 31, 2023 and 2022.

Total amount due from related parties as of December 31, 2023 and 2022 was \$108,470 and \$89,302.

Amounts due to employees as of December 31, 2023 and 2022 was \$7,348 and \$7,770. These amounts were primarily related to travel expense reimbursements.

Pickleman's Franchising, LLC
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9 – Contracts

Pickleman's Franchising, LLC entered into a digital asset management contract with Bynder LLC, the term of which is February 8, 2022 - February 7, 2025. The contract will auto-renew unless terminated. Onboarding costs and subscription fees for 2022 totaled \$39,600. Subscription fees are \$31,800 annually for 2023 and 2024, invoiced in six month increments.

NOTE 10 – Long-Term Debt

In September 2021, Pickleman's Franchising, LLC secured a vehicle loan in the amount of \$47,700 with an interest rate of 3.88% and 48 monthly payments of \$1,076 each. In February 2022, a vehicle loan in the amount \$75,847 with an interest rate of 3.49% and 60 monthly payments of \$1,381 each. In December 2023, a vehicle loan in the amount of \$76,554 with an interest rate of 10.99% and 60 monthly payments of \$1,672 each.

Future maturities of long-term debt are as follows:

2024	\$ 39,579
2025	38,623
2026	31,359
2027	21,108
2028	18,563
Total	<u>\$ 149,232</u>

NOTE 11 – Contingent Liability

Due to a subsequent discovery this note has been added. As Pickleman's Franchising, LLC has a lawsuit against the company. Alleged contingent liability may amount to \$200,000. The lawsuit liability represents possible loss to the company. Outcome is dependent upon disposal of case. Future event's end date and end result is unknown.

NOTE 12 – Subsequent Events

Management has evaluated subsequent events through April 8, 2024 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

~~UNAUDITED FINANCIAL STATEMENTS~~

~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

None

EXHIBIT G
LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

California

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida

Department of Agriculture and
Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Fl
Tallahassee, FL 32301
(904) 922-2770

Hawaii

Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

Minnesota

Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska

Department of Banking and
Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

New York State Dept. of Law
Bureau of Investor Protection
and Securities
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8211

North Dakota

North Dakota Securities
Department
600 East Boulevard, State
Capitol, 14th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Dept. of Ins. and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Dept. of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex –
Building 69-1
Cranston, RI 02920
(401) 462-9500

South Dakota

Dept. of Labor & Regulation
Division of Insurance
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9672

Washington

Securities Administrator
Department of Financial
Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial
Institutions Div. of Securities
345 W. Washington Ave., 4th FL
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

California

Commissioner of Corporations
Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York

Secretary of State of the State of
New York
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

North Dakota

North Dakota Securities Department
600 East Boulevard, State Capitol
14th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Director of Oregon
Department of Insurance and Finance
700 Summer Street, N.E., Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota

Director of South Dakota Division of Insurance
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9672

Washington

Securities Administrator
Department of Financial Institutions
150 Israel Road, SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

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

State	Effective Date
Illinois	April 10, 2024 Pending
Indiana	April 10, 2024 Pending
Michigan	April 5, 2024 Pending
Minnesota	June 25, 2024 Pending
South Dakota	April 10, 2024 Pending
Virginia	August 19, 2024 Pending
Wisconsin	April 10, 2024 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 H
RECEIPT**

**RECEIPT
(Your Copy)**

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 Pickleman's Franchising, LLC offer you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Pickleman's Franchising, LLC must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, Pickleman's Franchising, LLC must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, Pickleman's Franchising, LLC must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Pickleman's Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise: ~~Gregory Baumann~~, Keith Dudek, Hayley Sohn, Doug Stritzel, Jack Stritzel, or Michael Stritzel, Pickleman's Franchising, LLC, P.O. Box 467, Hallsville, MO 65255, (573) 442-8180, or the following individual:

Issuance Date: April ~~517, 2024~~2025

I have received a disclosure document dated April ~~517, 2024~~2025, that included the following Exhibits:

- A. Franchise Agreement
- B. Area Development Agreement
- C. Table of Contents of Manual
- D. State Specific Addenda to FDD, Franchise Agreement and Area Development Agreement
- E. List of Franchisees
- F. Financial Statements
- G. List of State Agencies/Agents for Service of Process
- H. Receipt

Date

Signature

Printed Name

Date

Signature

Printed Name

20242025 Pickleman's FDD

~~80003079v1~~

80003079v4

Please keep this copy of the Receipt for your records.

RECEIPT
(Our Copy)

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 Pickleman's Franchising, LLC offer you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Pickleman's Franchising, LLC must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, Pickleman's Franchising, LLC must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, Pickleman's Franchising, LLC must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Pickleman's Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise: ~~Gregory Baumann~~, Keith Dudek, Hayley Sohn, Doug Stritzel, Jack Stritzel, or Michael Stritzel, Pickleman's Franchising, LLC, P.O. Box 467, Hallsville, MO 65255, (573) 442-8180, or the following individual:

Issuance Date: April 517, 2024~~2025~~

I have received a disclosure document dated April 517, 2024~~2025~~, that included the following Exhibits:

- A. Franchise Agreement
- B. Area Development Agreement
- C. Table of Contents of Manual
- D. State Specific Addenda to FDD, Franchise Agreement and Area Development Agreement
- E. List of Franchisees
- F. Financial Statements
- G. List of State Agencies/Agents for Service of Process
- H. Receipt

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign this copy of the Receipt, date your signature and return it to Doug Stritzel, Pickleman's Franchising, LLC, P.O. Box 467, Hallsville, MO 65255.

