

	FRANCHISE DISCLOSURE DOCUMENT VI BrandCo, LLC dba <i>Village Inn</i> a Delaware limited liability company 12701 Whitewater Drive, Suite 100 Minnetonka, Minnesota 55343-4164 (615) 256-8500 www.villageinn.com www.villageinnfranchising.com www.bbq-holdings.com/franchising www.bbq-holdings.com www.facebook.com/villageinnrestaurants

The franchise being offered is for a Village Inn restaurant. Village Inn is a sit-down family dining concept. It features a variety of menu items for all meal periods, but specializes in pancakes, omelets, skilletts, eggs, pies and other popular breakfast items.

The total investment necessary to begin operation of a single Village Inn restaurant franchise is \$1,076,000 to \$2,745,000. This includes \$22,000 to \$65,000 that must be paid to the franchisor.

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 VI BrandCo, LLC, Attn: Legal Department, 9311 E. Via De Ventura, Scottsdale, Arizona 85258 and (480) 362-4800.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Date of Issuance: March 27, 2026.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 C.
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 D 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 Village Inn 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 Village Inn franchisee?	Item 20 or Exhibit C list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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.

(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.

(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.

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.

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.

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ITEM 1

The Franchisor, and any Parents, Predecessors and Affiliates

To simplify the language in this Disclosure Document, “Village Inn”, “Franchisor”, “we”, or “us” means VI BrandCo, LLC, the franchisor. “Franchisee” or “you” means the person or entity who obtains the franchise; it does not include the Franchisee’s owners. Any email addresses and website URLs referenced in this Disclosure Document, including its exhibits, are current as of the effective date of this Disclosure Document. We may update these email addresses and/or website URLs from time to time.

Village Inn, its Parent, Predecessors and its Affiliates

Village Inn

VI BrandCo, LLC is a Delaware limited liability company formed on August 17, 2020. Village Inn began franchising the Village Inn restaurant brand in September 2021. Its principal place of business is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164.

Parents

Franchisor’s direct parent is VI OpCo, LLC, a Delaware limited liability company formed on August 17, 2020 (“VI OpCo”) which operates all company-affiliated Village Inn restaurants, and whose parent is Village Inn Holdings, LLC, a Delaware limited liability company formed on August 14, 2020 (“VI Holdings”), with both such entities having an address of 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. In July 2021, BBQ Holdings, Inc. (“BBQ”), a Minnesota corporation, acquired Franchisor and its affiliated entities by purchasing all membership interests in VI Holdings. BBQ was formed in 2019 to serve as the parent company of Famous Dave of America, Inc., a franchisor of Famous Dave’s® barbecue restaurants and other concepts, and it has never operated franchises in any line of business.

On or about September 27, 2022, BBQ merged with a wholly-owned U.S. subsidiary of MTY Food Group, Inc. (“MTY”) having an address at 8210 Transcanada Road, Saint-Laurent, Québec H4S 1M5. BBQ’s parent company became MTY Franchising USA, Inc. (“MTY USA”), originally known as The Extreme Pita Franchising USA, Inc., and having an address of 9311 E Via De Ventura, Scottsdale, AZ 85258. MTY USA’s parent corporation is MTY Franchising Inc. (“MTY Canada”), a Canadian corporation and a wholly owned subsidiary of MTY, formerly known as MTY Tiki Ming Enterprises Inc., and having an address at 8210 Transcanada Road, Saint-Laurent, Québec H4S 1M5, Canada.

Predecessors

Until July 2021, Village Inn was a wholly owned subsidiary of its ultimate parent Cannae Holdings, Inc., a Delaware corporation (“Cannae”). The principal place of business of Cannae was 1701 Village Center Circle, Las Vegas, Nevada 89134. Cannae’s controlling ownership interest in Village Inn was held through a series of upstream Delaware limited liability companies, particularly VI OpCo, VI Holdings, and VIBSQ Holdco, LLC and RG Group Holdco, LLC. None of these parties had material operations other than their ownership interests in Village Inn and its

company-operated restaurants, Legendary Baking (see below), Bakers Square and other related subsidiaries.

Village Inn's prior predecessor is American Blue Ribbon Holdings, LLC, a Delaware limited liability company organized on December 23, 2008 ("ABRH"). ABRH purchased substantially all of the Village Inn restaurant chain assets of VICORP Restaurants, Inc. ("VICORP") on March 27, 2009. VICORP's address prior to its sale of assets to ABRH was 400 West 48th Avenue, Denver, Colorado 80216. VICORP used the trade names "Village Inn," "Bakers Square," "VICOM", and "J. Horner's," prior to the sale of its assets, and then ABRH and now we use these trade names in conducting business. On April 5, 2010, ABRH implemented the trade name "Legendary Baking" to replace the "VICOM" brand that formerly was used to identify the bakery division of ABRH. (Legendary Baking I, LLC, a Delaware limited liability company formed on August 17, 2020 ("Legendary"), is an affiliate of our predecessors and still offers and sells pies that franchisees are required to purchase, offer and sell in their Village Inn Restaurants.) VICORP first owned and operated Village Inn restaurants in 1959. VICORP granted its first Village Inn franchise on April 1, 1961, and offered and expanded the franchise since that time up to the sale of its assets to ABRH.

On January 27, 2020, ABRH filed for bankruptcy protection as part of a planned restructuring of company-owned or affiliated franchised Village Inn restaurants. See Items 3 and 4 for more information. Effective as of October 2, 2020, ABRH sold all of the Village Inn-related trademarks and existing development agreements and franchise agreements to us through bankruptcy confirmation proceedings described in Item 4 below and sold all of the company-operated Village Inn restaurants and related assets to our affiliate VI OpCo. ABRH franchised the Village Inn restaurant brand from March 2009 to August September 2020. The last known principal place of business of ABRH is 3038 Sidco Drive, Nashville, TN 37204.

Additional Affiliates Under MTY

MTY or one or more of its Canadian-based subsidiaries franchises over (55) different restaurant concepts and has over 2,400 units under the following trademarks in Canada primarily, and other international countries: Allo Mon Coco, Baton Rouge Steakhouse & Bar, Ben & Florentine, Big Smoke Burger, BO[W]LD, Café Depot, Casa Grecque, Country Style, Cultures, Dagwoods, Extreme Pita, Giorgio, Jugo Juice, Kim Chi, Koryo, Koya, Kuto Comptoir A Tartares, La Crémère, La Diperie (and Cakes & Shakes by La Dip), Madisons, Manchu Wok, Toujours Mikes, Mr. Souvlaki, Mr. Sub, Mucho Burrito, Muffin Plus, Papa Murphy's, Pizza Delight, Poke by Sushi Shop, Scores, South St. Burger, Spice Bros, Steak & Frites St. Paul Sukiyaki, Sushman, Sushi Shop, Thai Express, Thaizone, The Works, Tiki Ming, Timothy's World Coffee, The COOP Wicked Chicken, Tosto, Turtle Jack's, Tutti Frutti, Valentine, Van Houtte, Vanellis, Vie & Nam, Villa Madina, Spice Brothers, Steak Frites, Wasabi, Wetzel's Pretzels and YUZU trademarks. MTY also sub-franchises two (2) other different restaurant concepts: TCBY and TacoTime. MTY is a publicly-traded company headquartered in Montreal, Québec, Canada.

Through common ownership by MTY, we have the following affiliates that also offer franchises: (1) MTY USA, a Tennessee corporation having an address of 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (2) MTY Canada, a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (3) Kahala

Franchising, LLC (“Kahala Franchising”), an Arizona limited liability company with its principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (4) BF Acquisition Holdings, LLC (“BFAH”), a Delaware limited liability company with its principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (5) La Salsa Franchise, LLC (“LAS”), a Delaware limited liability company with its principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (6) Imvescor Restaurant Group Inc. (“IRG”) a Canada corporation having an address at 8210, route Transcanadienne, Suite 200, Saint-Laurent, Québec, H4S 1M5, Canada; (7) Papa Murphy’s International, LLC (“Papa Murphy’s”), a Delaware limited liability company having an address at 8000 NE Parkway Drive, Suite 350, Vancouver, Washington 98662; (8) VI BrandCo, LLC (“Village Inn”), a Delaware limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; (9) BQ Concepts, LLC, an Arizona limited liability company having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; (10) Wetzel’s Pretzels, LLC (“WP, LLC”), a California limited liability company with its principal address at 35 Hugus Alley, Suite 300, Pasadena, California 91103; and (11) Famous Dave’s of America, Inc., a Minnesota corporation having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164.. These affiliates franchise over 50 different concepts as further detailed herein.

The following chart summarizes the franchise brands offered by our U.S. affiliates as of November 30, 2025 (or the date following November 30, 2025, when MTY USA or its affiliate acquired the rights to such franchised brand), including the type of business, number of franchised units in operation as of November 30, 2025, and the date our affiliate (or its current or former affiliates) offered franchises in those brands:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Blimpie	Restaurants serving submarine sandwiches and salads	87 franchised units (84 in the United States and 3 internationally) (plus 4 company-owned units in the United States)	From 2006 until 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Chicken Strips and Dips	Ghost kitchen concept serving primarily chicken tenders.	1 franchised unit	March 2022, Kahala Franchising.

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Cold Stone Creamery	Restaurants serving super-premium freshly made ice cream, cakes, pies, smoothies, shakes, and other frozen dessert products	1,501 franchised units (1052 in the United States and 449 internationally)(plus 2 company-owned units). 103 Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, 8 licensed units.	From May 2007 until March 2008 by Cold Stone Creamery, Inc., from March 2008 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Frullati Cafe & Bakery	Restaurants serving sandwiches, salads, smoothies and baked goods	10 franchised units	From 1999 until 2004 by Frullati Franchise Systems, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Great Steak	Restaurants serving Philadelphia cheesesteak sandwiches, chicken sandwiches and French fries	32 franchised units (23 in the United States and 9 internationally) .	From 2004 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Johnnie's New York Pizzeria	Restaurants serving New York style pizza, calzones, salads, and related Italian cuisine menu items	2 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Kahala Coffee Traders	Restaurants serving coffee and espresso, tea, baked goods, parfaits, sandwiches and merchandise	6 franchised units. And 1 licensed unit.	November 2011 under Kahala Franchising
Maui Wowi	Store fronts or portable units serving fruit smoothies, coffee and espresso, and other beverage and food items	83 franchised units (75 in the United States and 8 internationally)	Since November 2015 under Kahala Franchising
NrGize Lifestyle Cafe	Cafes serving smoothies, fruit drinks and nutritional supplements	57 franchised units	From 2006 until March 2010 by Kahala Franchise Corp. and since August 2010 under Kahala Franchising
Pinkberry	Restaurants serving frozen yogurt, yogurt drinks, smoothies and frozen desserts	62 franchised units. And 30 licensed units.	From July 2008 until April 2016 under Pinkberry Ventures, Inc. and since June 2016 under Kahala Franchising
Planet Smoothie	Restaurants serving smoothies, smoothie bowls, juices, nutritional supplements, baked goods, parfaits, sandwiches, and salads	167 franchised units (160 in the United States and 7 internationally) Additionally, as of fiscal year end there were 2 Tasti D-Lite outlets.	Since June 2016 under Kahala Franchising
Ranch One	Restaurants specializing in grilled and crispy breaded chicken sandwiches	2 franchised units	From 2001 until 2004 by Ranch *1 Group, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Samurai Sam's Teriyaki Grill	Restaurants serving Japanese rice bowls and noodle bowls	10 franchised units	From 2003 until 2004 by SP Franchising, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
Surf City Squeeze	Juice bars serving smoothies, fruit drinks and nutritional supplements	62 franchised units (59 in the United States and 3 internationally) (plus 2 company-owned units)	From 1994 until 2004 by Malibu Smoothie Franchise Corp. and Surf City Squeeze Franchise Corp., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising
TacoTime	Restaurants serving Mexican food including burritos, tacos, quesadillas and nachos	212 franchised units (87 franchised in the United States and 125 internationally) (plus 2 company-owned units) Additionally, there are 78 licensed units.	From 2003 until 2004 by Taco Time International, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Extreme Pita	Restaurants serving wrap-style hot and cold pita and wrap sandwiches	1 franchised unit	From March 2001 to July 2014: The Extreme Pita Franchising USA, Inc.; since July 2014: MTY USA
Grabbagreen	Restaurants serving healthy food, juice, smoothies and related products	3 franchised units	Since February 2018 under MTY USA
Ginger Sushi Boutique + Poke Shop	Restaurant serving a variety of sushi menu items and drinks	0 franchised units	From September 2015 under MTY USA
Mucho Burrito	Restaurants offering burritos, quesadillas, tacos, nachos, and other assorted food and drinks	0 franchised units	From January 2010 under Mucho Burrito Franchising USA, Inc.; from March 2019 under MTY USA
Thai Express	Restaurant serving “Thai-style” foods and drinks	7 franchised units (4 in the United States and 3 internationally) (plus 1 company-owned)	From February 2015 under MTY USA
La Duperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	2 franchised unit	From April 2019 under MTY USA
Baja Fresh	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	70 franchised units (67 in the United States and 3 internationally) (plus 1 company-owned unit)	October 2016 until July 2017 under Triune, LLC and since then under BFAH

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
La Salsa	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	4 franchised units	October 2016 under La Salsa Franchise, LLC
The Counter	Full service restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	7 franchised units (6 in the United States and 1 internationally) (plus 2 company-owned units)	December 2017 under CB Franchise Systems, LLC. Then from March 2019 under MTY USA
Built Custom Burgers	Fast casual restaurant featuring build-your-own burgers, signature burgers, side dishes, sandwiches, and salads	6 franchised units (2 in the United States and 4 internationally)	December 2017 under Built Franchise Systems, LLC. Then from March 2019 under MTY USA
sweetFrog	Restaurant offering frozen yogurt using a self-serve delivery format	213 franchised units (203 in the United States which include 7 licensed franchisees plus 10 internationally)	September 2018 under MTY USA
Manchu WOK	Quick service restaurant serving fast and fresh Chinese cuisine	15 franchised units	March 2015: MTY USA
Ben & Florentine	Restaurant serving a superior breakfast & lunch experience	0 franchised units	From December 2018 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Papa Murphy's	Retail food outlet serving primarily take and bake pizza	1,000 franchised units (965 in the United States and 35 internationally) plus 49 company-owned units	From May 2019 Papa Murphy's International LLC
Famous Dave's	Restaurants specializing in authentic, down-home, genuine smoked barbecue	80 franchised units (70 in the United States and 10 internationally) plus 30 company-owned units	From March 1994 under Famous Dave's of America, Inc.
Village Inn	Restaurant specializing in pancakes, omelets, skillet, eggs, pies and other popular breakfast items.	84 franchised units plus 25 company-owned units	From August 2020 under VI BrandCo, LLC
Barrio Queen	Restaurants specializing in authentic Southern Mexican	8 company-owned units	From March 2023 under BQ Concepts, LLC
Champps Kitchen + Bar	sports theme restaurants that provide the public with high-quality food and beverage	1 franchised unit plus 1 company-owned unit	From September 1999 to October 2008 under Champps Entertainment, Inc. and From August 2023 under BQ Concepts, LLC
Sauce Pizza / Wine	Restaurants serving wood-fired pizzas, a variety of pasta dishes, and salads	13 company-owned units	March 2024

Brand Name	Type of Restaurant Business	Number of Units as of November 30, 2025	Dates unit franchises began being offered by us or our affiliate
Wetzel's Pretzels	Restaurant specializing in hand-rolled fresh-baked soft pretzels	455 franchised units (423 in the United States and 32 internationally) plus 35 company-owned units	From April 1996 under Wetzel's Pretzels, LLC

In addition to the franchised brands listed herein, our affiliates also own and operate other restaurant concepts that are not franchised or offered to franchisees as of the issuance date of this Disclosure Document. These brands include the following, and Franchisor's affiliate may continue to buy other restaurant concepts which are or are not franchised: Bakers Square, Granite City Food and Brewery, Real Urban BBQ, Craft Republic Bar & Grill, and Tahoe Joe's Famous Steakhouse.

Except as described above, neither we nor any of our affiliates have offered franchises in other lines of business, and Village Inn conducts no business other than as described in this Item 1.

The Franchise

The franchise being offered is the grant of a license to use Village Inn's system in conjunction with the operation of a Village Inn restaurant ("Restaurant" or "Village Inn Restaurant"). Village Inn is a sit-down family dining concept. It features a variety of menu items for all meal periods, but specializes in pancakes, omelets, skilletts, eggs, pies and other popular breakfast items.

We offer franchise agreements ("Franchise Agreements") which grant the right to construct, own and operate one Restaurant. Our form of Franchise Agreement is attached to this Disclosure Document as Exhibit A. You must operate your Restaurant according to our business methods, designs, arrangements and standards for developing and operating Restaurants (the "System").

Affiliates of Franchisor's may provide administrative, legal, IT and accounting services to Franchisor.

As a franchisee, you will compete directly or indirectly with all types of restaurants. The restaurant business is highly competitive and is affected by the competition in your area. You will compete with other dining establishments, some of which will be national chains, fast food establishments, and locally based restaurants offering similar menu items and may be owned by us or an affiliate of ours. You should make every effort to investigate the competition in your area.

The restaurant industry is heavily regulated in the United States. The Affordable Care Act of 2010 and regulations issued by the U.S. Food and Drug Administration require certain restaurants and other retail establishments to disclose to consumers, on the menu, certain

nutritional information regarding menu items. Other laws have particular applicability to restaurants, including food safety, health and sanitation laws, liquor license laws, and liquor liability and dram shop laws. Some states and municipalities also might require specific licensure or training in sanitation and safety laws before permitting a restaurant to serve the public.

If you and we determine that your Restaurant will sell alcoholic beverages, you will be required to obtain a liquor license. The difficulty and cost of obtaining a liquor license, and the steps for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

To operate the Restaurant, you may also need to obtain a beer and wine license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license to sell beer and wine, the restrictions placed on the manner in which beer and wine may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of beer and wine, and its consumption. You will need to understand and comply with those laws in operating the Restaurant.

Many of the laws that apply to business generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to restaurants. Your development and operation of the Restaurant will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits and other employee matters. It is likely that a significant number of your Restaurant's food service and preparation personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect your labor costs.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

We recommend that you check with your state and local agencies to determine which laws apply to the operation of a Restaurant in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2

Business Experience

References to titles and positions for the persons listed in this Item 2 may be assigned to Franchisor, MTY, MTY Canada, MTY USA, or any one or more affiliated companies.

Chief Executive Officer: Eric Lefebvre

Mr. Lefebvre was promoted and became the Chief Executive Officer of MTY effective November 2018. Prior to that, Mr. Lefebvre was the Chief Financial Officer of MTY since June 2012, and was Vice President of Finance of MTY from November 2009 until June 2012.

Chief Financial Officer: Renee St-Onge

Ms. St-Onge was promoted to Chief Financial Officer of MTY effective November 2018. Prior to that, Ms. St-Onge was with MTY as Controller since 2012.

Chief Operating Officer: Al Hank

Mr. Hank began his career with Famous Dave's as an hourly team member in 2005. During 2020 and up to his election as COO, he served as FDA's Senior Vice President of Operations. During 2018 to 2019, he served FDA in various management roles including Senior Director Strategy and Development, Senior Director of Operations and Franchise Business Consultant. From 2015 to 2017, Mr. Hank served FDA as an Area Director. Prior to that starting in 2012, he served as a General Manager of FDA's Westbury, New York location.

Chief Operating Officer of Kahala Brands: Jeff Smit

Mr. Smit has been the Chief Operating Officer of Kahala Brands since June 2009 and has been a Director of MTY USA since November 2018. Prior to that, Mr. Smit was the Blimpie Brand President from November 2007 until December 2010 and the Sr. Vice President of Operations for Cold Stone Creamery from February 2005 to December 2007.

Chief Legal Officer: Jenny Moody

Ms. Moody has been with the Kahala Brands' Legal department since June 2010. In August 2012 she was named Corporate Counsel, in September 2013 International Counsel, in September 2016 Deputy General Counsel, and in November 2019 General Counsel. In August 2023, Ms. Moody assumed her current role.

Franchise Sales

Vice President of Business Development – USA: Ramin (Ray) Zandi

Mr. Zandi is the Vice President of Business Development – USA, a position he has held since February 2009.

Senior Director of Franchise Sales: Shemar Pucel

Ms. Pucel joined the company in November 2020 as Director of Franchise Sales and was promoted to Senior Director of Franchise Sales in February 2022, where in her role she was responsible for Papa Murphy's franchise development. From October 2018 to August 2020, Ms. Pucel was a Director of Development for sweetFrog Premium Frozen Yogurt & Samurai Sam's. From October 2015 to October 2018, Ms. Pucel was with SFF, LLC (formerly SweetFrog Enterprises, LLC) where she first served as Manager of Franchise Marketing and Development and was promoted to Director of Franchise Marketing and Development in August 2016.

Senior Vice President of Development: John Wuycheck

Mr. Wuycheck has served as Kahala Brands' Senior Vice President of Development since September 2014. In this role, Mr. Wuycheck oversees franchise development for Kahala Brands' portfolio, including Wetzel's Pretzels.

Vice President of Franchise Development: Jay Goldstein

Mr. Goldstein has held his current role since May of 2009. Prior to this, he served as Senior Director of Operations, then Senior Director of Development for Kahala Franchising and has worked with the Cold Stone Creamery brand since October 2005.

Director of Franchise Development: Doug Merenda

Mr. Merenda joined Kahala Brands' sales team in October 2015 as a Director of Franchise Development and was a franchise broker for Kahala Brands from April 2015 through October 2015.

Franchise Development Manager: Traci Zandi

Ms. Zandi has assisted our Development team in awarding franchise units since October 2016. She also served as Office Manager and Executive Assistant for Extreme Pita from April 2011 until October 2016.

Vice President of Franchise Development: Peter Tsafoulis

Mr. Tsafoulis is the Vice President of Franchise Development, a position he has held since March of 2018. Prior to that, he served as the Director of Franchising of IRG from January 2008 until March 2018.

Manager of Franchise Development: Marilyn Bower

Ms. Bower joined Kahala Brands as Manager of Franchise Development in February 2025. Previously, she held similar roles at Gold Spectrum and SunMed from 2022 through 2024. Prior to that, Ms. Bower was a Customer Service Representative with Farmers Insurance Agency in Bradenton, Florida from 2020 through 2022.

Sr. Director of Franchise Sales: Adam Lueras

Mr. Lueras became the Director of Franchise Sales for Wetzel's Pretzels effective March 2020 and was promoted to Sr. Director of Franchise Sales in February 2023. Mr. Lueras previously served as a Franchise Development Director with Jackson Hewitt Tax Service in Jersey City, New Jersey from March 2019 through November 2019. Prior to that Mr. Lueras served as a Franchise Development Director with Wyndham Hotel Group in Parsippany, New Jersey from March 2016 through July 2018. Prior to that, Mr. Lueras served as a National Sales Manager with Avalara Software in Seattle, Washington from February 2014 through March 2016.

Director of Franchise Sales – Non-Traditional: Ross Duggal

Mr. Duggal became the Director of Franchise Sales – Non-Traditional for Wetzel’s Pretzels effective July 2022. Mr. Duggal previously served as the Senior Director of Business Development for OLM Foods located in Sioux Falls, South Dakota from June 2020 through July 2022. Prior to that, Mr. Duggal served as the Director of Business Development for Chester’s International in Birmingham, Alabama from March 2015 through May 2020.

Sr. Franchise Sales Manager: Diana Krankl

Ms. Krankl has held her current role since March of 2024, and prior to that was the Franchise Sales Manager for Wetzel’s Pretzels effective September 2021. Ms. Krankl previously owned and operated D’s Superblends, a food truck business in Los Angeles, California from July 2016 through March 2020, where Ms. Krankl’s responsibilities included training, customer service, human resources, quality control, event booking, maintaining and strengthening partner relationships, marketing, bookkeeping, inventory management, design development as well as menu and recipe development.

ITEM 3
Litigation

LITIGATION INVOLVING FRANCHISOR, PREDECESSORS, AND AFFILIATES

Concluded Arbitration and Litigation Involving The Extreme Pita Franchising USA, Inc. predecessor in interest to MTY Franchising USA, Inc.

Purav Enterprises, L.L.C., Balwant Bahia, and Paramjit Samra v. The Extreme Pita Franchising USA, Inc., EP Development, Inc., and Feisal Ramjee; Superior Court of the State of Washington for King County; Case No. 15-2-15120-7.

On June 22, 2015, Purav Enterprises, L.L.C., Balwant Bahia, and Paramjit Samra (collectively “Plaintiffs”), filed a complaint against The Extreme Pita Franchising USA, Inc., EP Development, Inc., and Feisal Ramjee (collectively “Defendants”). Plaintiffs alleged: (i) violations under the Franchise Investment Protection Act in the State of Washington (“FIPA”); (ii) misrepresentation by the Area Developer of the financial performance of the franchise, omissions of mandatory and material information and inherently misleading information that were material factors in the Plaintiff’s purchase of the franchise; and (iii) the Area Developer was not a registered broker in the State of Washington. Plaintiffs sought: (i) rescission of the franchise agreement, the corresponding personal guarantee and related agreements; (ii) treble damages under FIPA; and (iii) costs and attorney’s fees. The parties entered into a settlement agreement on March 11, 2016, in which Defendants paid Plaintiffs the sum of \$20,000. The matter was dismissed on March 16, 2016.

Concluded Arbitration and Litigation Involving Kahala Franchising, L.L.C.

KOHO, Inc. v. Kahala Franchising, L.L.C.; Superior Court of the State of California for the County of Los Angeles; Case No.: BC572565.

On or about February 17, 2015, Koho, Inc. (“Koho”) filed a Complaint against Kahala Franchising, L.L.C. (“Kahala”) alleging: (i) breach of contract; (ii) unjust enrichment; and (iii) declaratory relief. Koho sought: (i) no less than \$540,000 in special and general damages; (ii) litigation costs; (iii) prejudgment interest; (iv) reasonable attorney’s fees; and (v) declaratory relief. On or about May 5, 2015, Kahala filed a Cross-Complaint against Koho; Heeyong Kyle Chung; and Hannah Kim; alleging: (i) breach of contract; (ii) unjust enrichment; (iii) disgorgement and restitution; (iv) fraud-deceit and concealment; (v) negligent misrepresentation; (vi) conversion; (vii) negligence; and (viii) declaratory relief. Kahala sought: (i) breach of contract damages in amount according to proof; (ii) disgorgement and restitution on Unjust Enrichment cause of action; (iii) judicial determination that Kahala is permitted and entitled to set off amounts owed to it by Koho with funds in its possession which would otherwise have been due Koho; (iv) costs; (v) attorneys’ fees; (vi) punitive damages; and (vii) prejudgment interest; (viii) any other relief the Court deems just and proper. On or about June 15, 2015, Koho filed a Notice of Hearing on Demurrer and Demurrer to Kahala’s Cross-Complaint; Memorandum of Points and Authorities; Declaration of Daniel D. Hoffman and Exhibits in Support Thereof. Koho filed its Notice of Motion and Motion to Strike Certain Portions of Kahala’s Cross Complaint; Memorandum of Points and Authorities on June 17, 2015. On October 16, 2015, the Court overruled Koho’s Demurrer to Kahala’s Cross Complaint in its entirety and denied their motion to strike Kahala’s punitive damages claims; the Court sustained the Demurrer as to Hannah Kim. Mediation was held on May 3, 2016, which failed to yield a settlement between the two parties. On May 5, 2016, Kahala dismissed the claims against Koho and Kyle Chung because they satisfied the debts owed to Kahala, and, therefore, the claims were moot. Hannah Kim was subsequently awarded attorney’s fees on June 15, 2016, in the amount of \$10,233. A bench trial commenced on June 15, 2016, and ended on June 16, 2016. Upon the conclusion of Koho’s case, Kahala presented its case-in-chief and moved for judgment pursuant to Code of Civil Procedure section 631.8. The Court granted Kahala’s Judgment as Koho failed to establish the requisite elements of “breach” and “damages” on the three causes of action asserted in the Complaint. On July 18, 2016, the Court awarded Kahala attorneys’ fees in the amount of \$205,000. On September 22, 2016, Koho filed a Notice of Filing of Notice of Appeal and requested that Kahala participate in a mediation to resolve the outstanding award to Kahala. Koho failed to post an appeal bond. On February 13, 2017, Kahala commenced its self-help pursuant to Section 8(i) and (j) of the ARA and began withholding 100% of the Area Representative fees to which Koho would have otherwise been entitled. On June 19, 2017, the parties entered into a settlement agreement whereby Kahala repurchased Koho’s Area Developer territory for the sum of \$75,000 and forgave the remaining damages owed in the amount of \$130,000.

Concluded Arbitration and Litigation Involving SFF, L.L.C., successor in interest to SweetFrog Enterprises, L.L.C.

SFF, L.L.C. v. Carmel Village Yogurt Company L.L.C.; City of Richmond, Virginia Circuit Court; Case No. CL16-3927.

On August 29, 2016, SFF, L.L.C. (“Plaintiff”) filed a lawsuit against three sweetFrog franchisee entities, Carmel Village Yogurt Company L.L.C. (“Defendant Carmel YC”), Huntersville Yogurt Company, L.L.C. (“Defendant Huntersville YC”), and Mooresville Yogurt Co, L.L.C.

(“Defendant Mooresville YC”), and their main member, Steve Anto (“Defendant Anto”); (all named Defendants collectively referred to as, “Anto Defendants”). Plaintiff alleged: (i) Defendant Carmel YC breached its franchise agreement through its unauthorized closure of its franchised shop; and (ii) as a result of the breach, Plaintiff had the contractual right to terminate Defendant Carmel YC’s franchise agreement and cross terminate the franchise agreements of Defendant Huntersville YC and Defendant Mooresville YC. Plaintiff sought: (i) declaratory judgment that the three franchise agreements had terminated; (ii) specific performance of the Anto Defendants’ post-termination obligations; (iii) damages for past due fees; (iv) lost future royalties in excess of \$116,000; and (v) recovery of its attorneys’ fees. In response to Plaintiff’s complaint, Anto Defendants denied Plaintiff’s claims and asserted counterclaims against Plaintiff and alleged: (i) Defendant Carmel YC’s franchise agreement was unenforceable and, alternatively, that Plaintiff was in breach of Defendant Carmel YC’s franchise agreement due to Plaintiff’s allowance of another franchisee to open a shop within three miles of Defendant Carmel YC’s shop. Anto Defendants sought: (i) a declaratory judgment that they were not in default of their franchise agreements; (ii) damages of not less than \$425,000; and (iii) recovery of their attorneys’ fees. Plaintiff denied Anto Defendants’ claims and filed a demurrer and pleas in bar seeking to have those claims dismissed. Prior to the court hearing and ruling on Plaintiff’s motion, the parties entered into an agreement pursuant to which: (i) the parties acknowledged the valid termination of Defendant Carmel YC’s franchise agreement; (ii) Defendant Carmel YC transferred the assets of its business to Plaintiff and Plaintiff paid Defendant Carmel YC \$25,000; (iii) Plaintiff reinstated Defendant Huntersville YC’s and Defendant Mooresville YC’s terminated franchise agreements; and (iv) Plaintiff granted Defendant Anto the right to develop a new sweetFrog shop at a mutually acceptable location on or before November 8, 2018. The case was dismissed with prejudice on December 15, 2016.

Concluded Arbitration and Litigation Involving Famous Dave’s of America, Inc.

Desert Ribs, L.L.C., Famous Gracie, L.L.C., Famous Freddie, L.L.C., Famous George, L.L.C. and Famous Charlie, L.L.C. v. Famous Dave’s of America, Inc., American Arbitration Association, Minneapolis, Minnesota, Case No. 01 16 0000 8549.

On March 14, 2016, the franchisees for the Famous Dave’s® Restaurants in Chandler, Peoria, Mesa and Gilbert, Arizona (“Claimants”) filed a Demand for Arbitration against Famous Dave’s alleging that Famous Dave’s (1) violated the Minnesota Franchise Act (“MFA”), (2) breached the implied covenant of good faith and fair dealing under the Famous Dave’s® Franchise Agreements with Claimants (the “Franchise Agreements”), and (3) breached certain express provisions of the Franchise Agreements. Claimants sought damages of \$2,984,098, and a permanent injunction prohibiting Famous Dave’s from engaging in discriminatory conduct in violation of the MFA. On July 20, 2016, the arbitrators ruled in partial favor of the pre-hearing motion filed by Famous Dave’s by dismissing Claimants’ MFA claims against Famous Dave’s. Upon the dismissal of the MFA claims, Claimants voluntarily dismissed their remaining claims against Famous Dave’s and entered into a confidential settlement agreement and mutual release (the “Settlement Agreement”), dated August 22, 2016, with Famous Dave’s. The Settlement Agreement included the following material terms: (i) the territorial rights granted to Claimants in the Franchise Agreements were modified; (ii) the managing member of Claimants (the “Consultant”) entered into a consulting agreement with Famous Dave’s that provided for the design, development and build-out of a

counter-service/line-service prototype barbecue restaurant concept (the “Prototype”) and the payment of a consulting fee of \$410,000 to the Consultant in installments over a three-year period; and (iii) Claimants entered into a right of first offer agreement with Famous Dave’s granting to a Claimant the first right to enter into an area development agreement with Famous Dave’s for the development of seven Prototype restaurants in a reserved territory in Arizona.

Famous Dave’s of America, Inc. v. Allan Gantes; John Gantes; M Mart 1, LLC; Kurt Schneider; Shoreline FD Investors, L.L.C.; SR El Centro FD, Inc. SR Long Beach FD, Inc.; SR Palmdale FD, Inc.; SR Restaurant Holdings Group, Inc.; SR Simi Valley FD, Inc.; SR Tracey FD, Inc.; Superior Court of the State of California, County of Los Angeles, Central Division, Case No. BC589329.

On July 24, 2015, Famous Dave’s of America, Inc. filed a lawsuit against Allan Gantes; John Gantes; M Mart 1, L.L.C.; Kurt Schneider; Shoreline FD Investors, LLC; SR El Centro FD, Inc.; SR Long Beach FD, Inc.; SR Palmdale FD, Inc.; SR Restaurant Holdings Group, Inc.; SR Simi Valley FD, Inc.; SR Tracey FD, Inc., (collectively referred to herein as “Defendants”) (SR El Centro FD, Inc.; SR Long Beach FD, Inc.; SR Palmdale FD, Inc.; SR Restaurant Holdings Group, Inc.; SR Simi Valley FD, Inc.; SR Tracey FD, Inc. will herein be referred to as the “SR Defendants”), the former franchisees for the Famous Dave’s® Restaurants in El Centro, Long Beach, Palmdale, Simi Valley, and Tracy, California, and others (collectively referred to herein as “Restaurants”) based in part on the continued operation of the Restaurants as Famous Dave’s® Restaurants using Famous Dave’s marks and Restaurant System after the termination of their Franchise Agreements by Famous Dave’s for failure to cure breaches of the Franchise Agreement, including the failure to pay the Royalty and Marketing Fund Fees due under the Franchise Agreements, within the prescribed cure period after receipt of written notice, in violation of the post-termination obligations of the Franchise Agreements. Famous Dave’s alleged Lanham Act violations, including federal trademark infringement, federal trademark dilution, federal unfair competition and false advertising, and federal trade dress dilution; trademark infringement, trademark dilution, unfair competition and false advertising under California law; common law trademark infringement; breach of the Franchise Agreements; breach of the implied covenant of good faith and fair dealing; and intentional interference with contract. Famous Dave’s sought injunctive relief to enjoin Defendants from continuing to use the marks and Restaurant System and enforcing compliance with the post-termination obligations of the Franchise Agreements, and also sought damages in an amount that was to be determined at trial, reasonable attorneys’ fees, interest and costs of suit. On March 11, 2016, the SR Defendants filed its First Amended Cross Complaint against Famous Dave’s. The SR Defendants alleged that (i) Famous Dave’s breached its obligations cited in the Franchise Agreements by failing to provide certain marketing support and access to customer contact data, vendors, internet reporting and support; (ii) Famous Dave’s failed to provide operations and preferred practices training to the SR Defendants designated representative (iii) breach of the covenant of good faith and fair dealing; and (iv) breach of fiduciary duty. The SR Defendants sought: (i) compensatory damages in an amount not less than twenty million dollars; (ii) punitive damages; (iii) costs; (iv) attorney’s fees. On September 7, 2016, Famous Dave’s filed its Answer to the first amended cross complaint vehemently denying the allegations alleged by the SR Defendants, On September 29, 2018, the parties agreed to enter into a confidential settlement agreement and a mutual release of claims (the “El Centro Settlement Agreement”), which contained the following material terms: (i) SR Defendants received \$75,000 towards the payment of their attorney’s fees contingent on the de-imaging of the Restaurants and

the sale of its Major Assets (as defined in the Franchise Agreement) relating to the El Centro restaurant to Gantes; (ii) Allan Gantes paid to SR Restaurant Holdings Group, Inc. \$7,500 upon the closing of the sale of the Major Assets; (iii) the SR Defendants agreed to de-identify the Restaurants in Long Beach, California and Tracy, California; (iv) notices (sent via email and mailer) were provided to the “Pig Club” customers of the Long Beach, California and Tracy, California Restaurants to opt into notices from Q restaurants; and (v) Famous Dave’s consented to the sale of the Major Assets owned by SR El Centro FD, Inc. to an entity wholly owned by Gantes or an affiliate subject to Famous Dave’s review of the purchase agreement which review would not be withheld or unreasonably delayed, and satisfaction of all conditions to the Assignment stated in the Franchise Agreement. Upon completion of the sale the aforementioned \$75,000 would be paid to the SR Defendants; (vi) the SR Defendants no longer could hold themselves out as Famous Dave’s franchisees and (vii) all franchise agreements that were the subject of the lawsuit were terminated. The Request for Dismissal with prejudice was entered on November 26, 2018.

Concluded Arbitration and Litigation Involving VI BrandCo, L.L.C.

In re: Restaurants Acquisition I, LLC (Giuliano vs. W. Craig Barber et. al. United States Bankruptcy Court for the District of Delaware on December 2, 2015 (Case No. 15-12406 (KG)).

On December 1, 2017, the Chapter 7 trustee in the Restaurants Acquisition I, LLC (“RAI”) bankruptcy proceeding filed suit in the United States Bankruptcy Court against our Chief Executive Officer W. Craig Barber, our Chief Concept Officer – Family Restaurant Division Robert Langford and companies owned jointly by them alleging avoidance, fraudulent transfer, breach of contract and breach of fiduciary duty in connection with their executive roles with RAI and as members of Dynamic Management Company, LLC related to the RAI’s ownership and operation of Black-Eyed Pea and Dixie House restaurants. On March 6, 2019, Barber and Langford each settled with the Chapter 7 trustee by each agreeing to pay to the trustee and estate separate payments totaling \$150,000 each over a three-year period.

Concluded Arbitration and Litigation Involving Wetzel’s Pretzels, L.L.C.

Pretzelsdallas1, Inc. v. Wetzel’s Pretzels, LLC; Los Angeles, California; AAA Case No.01-19-0002-9326.

On or about July 19, 2017, we entered into a franchise agreement with Pretzelsdallas1, Inc. (then known as Triple Scoops, Inc.). On or about September 11, 2019, Pretzelsdallas1, Inc., (“Claimant/Counter Respondent”) a franchisee, filed a demand for arbitration against Wetzel’s Pretzels, L.L.C. (“Respondent/Counter Claimant”) with the American Arbitration Association in which it alleged claims for (i) rescission and restitution for intentional misrepresentation, (ii) rescission and restitution for negligent misrepresentation and (iii) violation of the California Corporations Code §31201. Claimant/Counter Respondent sought \$368,837 in damages. On or about February 26, 2020, Respondent/Counter Claimant filed an answer and counterclaim against Claimant/Counter Respondent. Respondent/Counter Claimant alleged: (i) breach of contract-franchise agreement; (ii) breach of contract – sublease agreement; and (iii) breach of guaranty. Respondent/Counter Claimant sought: (i) judgment on its claims for payments on the franchise agreement in the amount of \$133,600; (ii) judgment on its claims for payments on the sublease agreement in the amount of \$14,8520; judgment in its favor on its claims for payments on the

guaranty in the amount of \$148,450; (iv) interest on the sums; (v) attorney's fees; and (vi) any other relief the court deems fit. On September 24, 2021, the parties entered into a settlement agreement, in which a mutual release of all claims was agreed to, and Respondent/Counter Claimant paid Claimant/Counter Respondent the sum of \$125,000. The matter was subsequently dismissed with prejudice.

Concluded Arbitration and Litigation Involving Papa Murphy's International, L.L.C.

DTD Pizza LLC, Brian Watson, Alton Spears, LMP Enterprises LLC, Pizza Enterprises LLC, Alan and Denise Barnett, DOB Enterprises, Inc., Douglas and Lesia Billing, Rob & Bud's Pizza, Robert J. Dickerson Trust UA, Rob Dickerson, 4LM Enterprises, Inc., Jana and Randell Liles, Ben and Kim Mayfield, SEAMS Holdings LLC, Scott and Erica Shelby, Robert Hoersting, PM Savannah LLC, James and Mona King, Hans King, Pizza For 4 Kings Corp, Alamo Quality Pizza I, LLC., Quality Pizza III, LLC., Gerardo Torres, George Knost, Arkel Food Services, LLC., Reece Alexander Overcash, III, Angelo S. Chantilis, Jr., Double AA Partners, LLC., Jeffrey L Comish, John Stalker, and Papa's of Tennessee, LLC. v. Papa Murphy's International LLC, Papa Murphy's Company Stores, Inc., PMI Holdings Inc., Papa Murphy's Intermediate Inc., Papa Murphy's Holdings, Inc., Lee Equity Partners LLC, John D. Barr, Ken Calwell, Thomas H. Lee, Yoo Jin Kim, Benjamin Hochberg, John D. Schafer, Achi Yaffe, Janet Pirus, Victoria Blackwell, Gail Lawson, Dan Harmon, Scott Mullen, Jayson Tipp, Kevin King, Stephen Maeker, Steve Millard, Steve Figiola; Washington Superior Court, Clark County, Case No. 14-2-00904-0.

and

Mitch and Kristen Brink, Brink Holdings Inc., Angela Buchanan, Tim Forester, Z-Axis, Inc., Heather and Gary Nychyk, Bar N Pizza, LLC, John DeMattia, DeMattia LLC, a Texas Limited Liability Company, Harry and Terry Olson, Hot Pizza Inc., Steven Pyatt, Craig Braun, David Mraz, JIM LLC, Philip and Maria Ahn Wilson, Papa South, LLC, Steven and Holly Mead, Thomas Lance, PMG Tampa, LLC, Ilya and Chantal Rubin, Pie in the Sky LLC, Joanna and Glenn Patcha, Alchemy Foods LLC, Ian Hasinoff and Susan Lorimer, Eddrachillis LLC, Cole Kilen, Eye on the Pie LLC, Ann and Harvey Callegan, Just for Fun, LLC, Eugene and Joy Hill, Conn, Edward Turnbull, Turnbull Restaurant Group LP, Turnbull Restaurant Group GP, Conn, LLC, Loralie and Trey Bennett, Pizza Revolution of Fort Walton Beach LLC, Pizza Revolution of Panama City LLC, Pizza Revolution at Tyndall LLC, Steven Terry, Matthew and Cindy Terry, Alice and Douglas Worthington, Thomas Stephenson, Make Dough Enterprises Inc., Jared Richardson, Russell Crader, and Red Rust, LLC, v. Papa Murphy's International LLC, Papa Murphy's Company Stores, Inc., PMI Holdings Inc., Papa Murphy's Intermediate Inc., Murphy's Holdings, Inc., Lee Equity Partners LLC, John D. Barr, Ken Calwell, Thomas H. Lee, , Yoo Jin Kim, Benjamin Hochberg, John D. Schafer, Achi Yaffe, Janet Pirus, Victoria Blackwell, Gail Lawson, Dan Harmon, Scott Mullen, Jayson Tipp, Kevin King, Stephen Maeker, Steve Millard, Steve Figiola; Washington Superior Court, Clark County, Case No. 14-2-01743-3.

These two related actions were commenced in April 2014 and June 2014, respectively, by separate groups of current and former franchisees against us, certain members of our board of managers and executive team, and others in Washington Superior Court (Clark County), alleging misrepresentations involving financial performance representations in ITEM 19 of the franchise disclosure document the franchisees' local marketing obligations, among other things, and brought

claims for violation of the Washington Franchise Investment Protection Act (“WFIPA”), fraud, negligent misrepresentation and breach of contract. These two actions were consolidated in September 2014 under Case Number 14-2-00904-0.

Each of the plaintiff groups entered into settlements with Papa Murphy’s in which they dismissed all of their claims against defendants with prejudice and the action was dismissed in June 2020. The settlements are as follows: (1) one plaintiff group dismissed its claims against Papa Murphy’s for no consideration; (2) two plaintiff groups agreed to pay amounts ranging from \$5,000 to \$8,000 to Papa Murphy’s and remained in the system; (3) Papa Murphy’s agreed to pay one plaintiff group’s advertising costs for one year, agreed to allow the franchisee to develop an additional franchise, and agreed to return the franchisee’s initial development fee of \$10,000; (4) another plaintiff group agreed to remain in the system in exchange for Papa Murphy’s paying 3.8% of the franchisees’ sales towards local advertising for a period of two years and extending the franchise agreement’s term for an additional ten years; (5) Papa Murphy’s settled with fifteen different plaintiff groups and paid amounts ranging from \$10,000 per group to \$4 million per group; (6) Papa Murphy’s agreed to purchase one plaintiff group’s nine Papa Murphy’s stores at an agreed upon value of the stores’ assets plus \$500,000; and (7) Papa Murphy’s agreed to purchase seven plaintiff groups’ Papa Murphy’s stores at an agreed upon value of the stores’ assets.

Rob & Bud’s Pizza, LLC v. Papa Murphy’s International, Inc. and Papa Murphy’s International, LLC; United States District Court for the Western District of Washington, Case No. 5:15-cv-05090-TLB.

In spring 2015, Papa Murphy’s sent a notice of default to plaintiff for alleged defaults under the plaintiff’s franchise agreements. In response, on April 17, 2015, the plaintiff brought an action seeking a declaratory judgment and injunction preventing Papa Murphy’s from terminating the franchises. The plaintiff subsequently added claims in the case alleging that Papa Murphy’s tortiously interfered with the plaintiff’s employees and negligence in how Papa Murphy’s handled the plaintiff’s customer database, and sought compensatory damages, punitive damages and costs in an unspecified amount. The plaintiff was also a plaintiff in the LMP case described above. The case was dismissed with prejudice as part of a settlement with plaintiff in this case and the LMP case under which Papa Murphy’s purchased plaintiff’s nine Papa Murphy’s stores at an agreed upon value of the stores’ assets plus \$500,000.

**PUBLIC AGENCY ACTIONS AGAINST
MTY USA, AFFILIATES AND/OR THEIR PREDECESSORS**

Concluded State Administrative Actions Involving SFF, L.L.C., successor in interest to SweetFrog Enterprises, L.L.C.

In the Matter of SweetFrog Enterprises, L.L.C. f.k.a. Imagination Enterprises, Inc., d/b/a Sweet Frog, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2012-0055.

As a result of an inquiry into the franchise related activities of SweetFrog Enterprises, L.L.C., (“SFE”) the Maryland Securities Commissioner (“Commissioner”) concluded that grounds existed to allege that SFE violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of certain license agreements. SFE acknowledged that those license agreements constituted franchises as defined under the Maryland Franchise Law. SFE represented that it entered into license agreements with eight Maryland licensees during the time it was not registered to offer and sell franchises in Maryland. On August 29, 2012, the Commissioner and SFE agreed to enter into a consent order whereby SFE, without admitting or denying any violations of the law, agreed to: (i) immediately and permanently cease from the offer and sale of franchises in violation of the Maryland Franchise Law; (ii) file and diligently pursue an application for an initial franchise registration in Maryland relating to the license agreements it offered and sold to Maryland licensees; and (iii) to offer to rescind the license agreements of all Maryland licensees to whom it sold unregistered franchises. We are not aware of any licensees that accepted the rescission and have made a good faith effort to obtain that information.

Concluded State Administrative Actions Involving Predecessor Blimpie Associates, Ltd.

In May 1992, Blimpie Associates, Ltd. (“Blimpie”) and Joseph Dornbush (formerly the President of Blimpie) (collectively “Respondents”) responded to a claim by the New York Department of Law that it had sold franchises during a period of time when Blimpie’s prospectus had not been updated by amendment. Without the admission of any wrongdoing, Respondents consented to the entry of an order in which Respondents agreed: (i) to entry of a judgment enjoining them from further violations of the New York Franchise Sales Act; and (ii) to pay the sum of \$18,000 to the State of New York as an additional allowance. Respondents paid the \$18,000 in May 1992 and executed the consent judgment on August 25, 1992.

Concluded State Administrative Actions Involving Maui Wowi Franchising, Inc., predecessor in interest to Kahala Franchising, L.L.C.

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2005-0651.

On November 11, 2005, Maui Wowi Franchising, Inc., the predecessor franchisor of the Maui Wowi brand (“MWF”), entered into a Consent Order with the Securities Commissioner of Maryland (“Commissioner”) resulting from MWF inadvertently entering into four franchise agreements with Maryland residents after its registration in Maryland expired on June 9, 2004 (“Maryland Franchisees”). The Consent Order required MWF to cease and desist from the offer and sale of unregistered franchises in Maryland; to diligently pursue the completion of its then pending application; to register its Offering Circular in Maryland; to develop and implement new franchise law compliance procedures to ensure future compliance with the registration and disclosure provisions of Maryland Franchise Law; and to enroll an officer and a franchise compliance person in a franchise law compliance training program. Upon notification by the Commissioner, MWF sent to the Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Maryland Franchisees that they could rescind their franchise agreements. At this time, MWF is in full compliance with the Consent Order.

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2007-0194.

On September 12, 2007, “MWF” entered into a Consent Order with the Maryland Commissioner resulting from MWF inadvertently entering into two franchise agreements with two Maryland residents (“Second Maryland Franchisees”) without delivering to them the appropriate Offering Circular. MWF was registered in the State of Maryland at the time of the offer and sale with an Offering Circular containing certain specific information required only by Maryland law. At the same time, MWF used a second form of Offering Circular in other states that did not contain all of the information required by Maryland law. Prior to the execution of the franchise agreements with the Second Maryland Franchisees, MWF accidentally delivered to them the Offering Circular that did not contain the Maryland-specific information. We subsequently reported these mistakes to the Commissioner. The Consent Order required MWF to cease and desist from the offer and sale of franchises in Maryland in violation of the Maryland Franchise Law; to diligently pursue the completion of its then pending application to register its Offering Circular in Maryland; to implement additional compliance measures to ensure future compliance with the Maryland Franchise Law; to employ an approved franchise law compliance training program or trainer to monitor MWF’s franchise activities in Maryland for two years; and to reimburse the Maryland Attorney General for its investigation and resolution costs in the total amount of \$2,500. Additionally, MWF was required to provide to the Second Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Second Maryland Franchisees that they have a right to rescind their franchise agreements. The Commissioner and MWF subsequently entered into an Amended Consent Order in which MWF elected to withdraw from the State of Maryland instead of employing a compliance monitor, with the agreement to employ a monitor if MWF was to re-register in the State of Maryland. MWF fully complied with the Amended Consent Order, and subsequently employed a compliance monitor and was granted registration in the State of Maryland.

Concluded State Administrative Actions, Arbitration, and Litigation Involving BF Acquisition Holdings, L.L.C. and/or its predecessors

State of Maryland Determination; Case Number 2012-0073.

In February 2012, the State of Maryland alleged that during the period January 1, 2009 to November 26, 2009, Triune, LLC (“Triune”): (i) did not retain signed acknowledgements of receipt reflecting the dates that its Franchise Disclosure Document was delivered to certain Maryland residents and non-residents; (ii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document; (iii) sold franchises to certain Maryland residents and non-residents without providing them with a copy of a 2009 Franchise Disclosure Document that contained its 2008 financial statements with a going concern note from its auditors resulting from the unfavorable financial condition of its parent company; and (iv) sold franchises to certain Maryland residents and non-residents without including, or abiding with, a deferral condition in their Franchise Agreements that was imposed upon it by the State of Maryland, all as required by the Maryland Franchise Registration and Disclosure Law (the “Maryland Law”) and in violation of the Maryland Law. Without admitting

or denying the allegations, in September 2012, Triune voluntarily entered into a Consent Order with the Office of the Attorney General of Maryland and agreed to: (i) not violate the Maryland Law in the future; (ii) pay the Office of the Attorney General the sum of \$50,000 as a civil penalty; (iii) retain copies of all acknowledgments of receipt confirming dates that prospective Maryland franchisees received any Maryland Franchise Disclosure Documents; (iv) comply with the disclosure and antifraud provisions of the Maryland Franchise Law and the record keeping and escrow requirements of the Code of Maryland Regulations; and (v) send a copy of the Consent Order to certain Maryland franchisees.

State of Virginia Determination; Case Number SEC-2012-00027.

In February 2012, the Division of Securities and Retail Franchising of the State Corporation Commission (the "Commission") alleged that during 2009 Triune, LLC ("Triune"): (i) offered or sold franchises in Virginia in 2009 that were not registered under the Virginia Retail Franchising Act (the "Virginia Act"); (ii) offered or sold franchises in Virginia without disclosing that it was not registered to do so; (iii) failed to provide material information regarding the parent company's unfavorable financial condition and the potential impact that it could have on Triune as stated in a going concern note in its 2008 financial statements from its auditors; and (iv) failed to provide a prospective franchisee with a copy of its Franchise Disclosure Document as required by rule or order of the Commission at least 14 calendar days before the prospective franchisee signed a binding agreement or made any payment to it in connection with the sale or offer to sell a franchise in Virginia. Without admitting or denying the allegations, on November 26, 2012, Triune voluntarily entered into a Settlement Order with the Commission and agreed: (i) to not violate the Virginia Act in the future; (ii) to pay Virginia the sum of \$25,000 as a penalty and the sum of \$5,000 to defray the Commission's costs of investigation; (iii) to offer certain Virginia franchisees a refund of their initial franchise fees; and (iv) to send a copy of the Settlement Order to certain Virginia franchisees.

Lawsuits Filed by Franchisor Kahala Franchising, L.L.C. Against Franchisees During Fiscal Year December 1, 2024 through November 30, 2025

Suit for Breach of Contract

Kahala Franchising, L.L.C. v. Golden Enterprises, Inc.; DBH Associates, LP, Deseret Sales, Inc., Randy Herzog, Laurie Herzog, Amy Wilson, Rob Wilson, Clare Hunter, Deobrah Hunter; United States District Court in and for the Eastern District of Washington; Case No.: 2:25-cv-00426.

Kahala Franchising, L.L.C. v. Mid Valley Foods, Inc., Candyce Dilbeck, Steve Hopkins, Gegory M. Hopkins; United States District Court in and for the District of Arizona; Case No.: 2:25-cv-04166-KML.

Suit for Federal Trademark Infringement, Lanham Act, 15 U.S.C. §1124; Common Law Trademark Infringement; Federal Unfair Competition, Lanham Act, 15 U.S. C. §1125; Common Law Unfair Competition; Breach of Contract; Unjust Enrichment; Audit Demand/Accounting

Kahala Franchising, L.L.C. v. Byron Washington and Bram Berg; United States District Court for the Southern District of New York; Case No.: 1:25-cv-06392.

Except as described above, no litigation is required to be disclosed in this Item.

ITEM 4

Bankruptcy

American Blue Ribbon Holdings, LLC

On January 27, 2020, our predecessor American Blue Ribbon Holdings, LLC filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in the District of Delaware, as part of a planned restructuring of company-owned or affiliated franchised restaurants. In re American Blue Ribbon Holdings, LLC, a Delaware limited liability company, *et al.*, 1:20-BK-10161. On September 16, 2020, the bankruptcy court confirmed American Blue Ribbon Holdings, LLC's plan of reorganization. On September 30, 2021, the bankruptcy court entered a final decree, and the case was terminated on October 19, 2021. The last known principal place of business of ABRH is 3038 Sidco Drive, Nashville, TN 37204.

ITEM 5

Initial Fees

The initial franchise fee for a Village Inn Restaurant is \$35,000 for your first restaurant. The Initial Franchise Fee is reduced for your second traditional restaurant to \$25,000. The Initial Franchise Fee is reduced for your third and each subsequent traditional restaurant to \$20,000.

You pay the initial franchise fee in full at the signing of the Franchise Agreement. The fee is nonrefundable. We may periodically reduce the initial franchise fee, such as in connection with limited time promotions, new concepts and/or operational programs.

If you are currently an active or active reserve member of the U.S. Armed Forces, have been honorably discharged from the U.S. Armed Forces ("Eligible Military"), or are a 501(c)(3) organization ("501(c)(3)"), you will receive a 20% discount on the Initial Franchise Fee.

Opening Team Expenses

You will reimburse Village Inn for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team members who assist you with the opening of your Restaurant (see Item 11). These expenses are nonrefundable and will typically range between \$10,000 and \$50,000 but may be lower or higher depending upon the service model and the location of your Restaurant. You will pay to Village Inn 50% of the estimated Opening Team expenses for your Restaurant, which Village Inn will determine based on the size of the Opening Team, distance traveled, and other factors, before the date that the Opening Team arrives at your Restaurant. Upon completion of the Opening Team's assistance, Village Inn will send you an invoice for the actual amount of remaining Opening Team costs. You must pay this invoice within 30 days.

Site Review Report Fee (if requested)

You will pay to Village Inn the then-current Site Review Report Fee after Village Inn prepares a site review report and issue a "no objection" letter for the proposed site of your

Restaurant. The current Site Review Report Fee is \$1,000 to \$5,000 and may increase if a site visit is required. The Site Review Report Fee is nonrefundable.

ITEM 6 Other Fees

Name of Fee	Amount	Due Date	Remarks
Royalty ^{1,2, 5,7}	4.0% of Gross Sales as described in the footnotes below.	Each Tuesday with an option to annually prepay after operating the Restaurant for at least one full year ⁶	“Gross Sales” include all sales conducted by or through the Restaurant, or from the franchised location at the actual price charged by the Franchisee. However, “Gross Sales” do not include tips for employees and sales tax and loyalty redemptions, ‘Free Pie Wednesdays discounts, senior discounts, delivery fees, and other customary promotions or discounts
Marketing Fee ^{1,3, 5}	Currently 1% of Gross Sales	Each Tuesday	Paid at the same time and in the same manner as Royalty
Local Marketing ³	1% of Gross Sales; may be increased by Village Inn at any time to a combined maximum with local marketing of 3%	Upon invoicing	Local marketing payable to third-party vendors as required
Extension Fee ¹	50% of the then-current Initial Franchise Fee not including any discounts or reductions	30 days prior to expiration of the term or the first extension term	Paid to Village Inn upon execution of a new Franchise Agreement for the first or second extension term
Extra Manuals ¹	From \$12 to \$110 per manual	Upon invoicing	Cost of manuals, training materials, etc.; the first set of manuals/materials is loaned to you without charge
Training Costs and Opening Assistance Costs	\$65,000 to \$160,000	Upon invoicing	Payable to us or third parties in connection with your initial training and our opening assistance.
Additional Training Fees and Costs	A reasonable fee we determine based on the additional training to be provided.	Upon invoicing	Payable to us or third parties in connection with any additional training you undertake. You are responsible for the expenses you or your trainees incur in connection with such additional training.

Name of Fee	Amount	Due Date	Remarks
Extraordinary Operating Assistance ¹	Actual costs incurred by Village Inn	Upon invoicing	Costs include transportation, meals, lodging, and gross wages of Village Inn employees rendering assistance
Transfer Fee ¹	\$5,000	Upon completion of transfer	Payable in connection with the transfer of your franchise to a third party
Audit Fee ¹	Cost of audit	Upon invoicing	Due only if audit shows an understatement of more than 2% of the Gross Sales previously reported
Interest ¹	3% greater than publicly announced prime rate of Village Inn's prime lender	Upon invoicing	Amount adjusted, if necessary, on January 1 each year
Late Charge ¹	5% of amount past due	Upon invoicing	Assessed 5 days after payment is due
Lease ^{1,4}	Varies	Monthly	Payable to Village Inn only if you lease land, building, or equipment from Village Inn
Alternative Supplier Fee	We do not expect to charge for the evaluation, although we reserve the right to charge you or the supplier a reasonable evaluation fee. (Not to exceed \$5,000)	As incurred	
Remodeling Costs	The amount you incur to remodel your Franchised Location. These costs may range from \$50,000 to \$350,000 each time you remodel.	Payable to suppliers as incurred	You must remodel your Franchised Location in accordance with Village Inn requirements. Village Inn can require that you extensively remodel your Restaurant once every five to ten years. This does not include routine maintenance costs.
Third-Party Performance Measurement Evaluations	Up to one-half of the cost of set programs, estimated to range from \$250 to \$500 per inspection	Within 30 days after receipt of an invoice	Village Inn can utilize feedback and inspection programs to evaluate your operations, quality, compliance and food safety. Village Inn (in its sole discretion) may share the cost for these services upon the audit or inspection of your location if passing feedback is obtained.
Network Infrastructure Equipment and Security	\$3,500 to \$4,500	Upon invoicing	Payable to Village Inn

Name of Fee	Amount	Due Date	Remarks
Technology Support Fees	\$200 to \$325 per month	As incurred	Payable to Village Inn for ongoing technology support
Costs, Expenses, and Attorneys' Fees	Variable	Upon demand	Payable only if Village Inn prevails in any action it commences or defends to enforce the Franchise Agreement (including injunction proceedings), which may arise from your indemnification obligations.
Document Administration Fee	\$500	As incurred	Applicable if an amendment must be prepared, including for an affiliate transfer.
Lease Guarantee Fee (optional)	10% of the total amount guaranteed, up to a maximum payment of \$10,000 (if applicable) (Note 15)	Signing of the lease guarantee agreement (if applicable)	See Note 8
Sublease Late Charge	5% of the late or unpaid amount plus any late charges and interest incurred under the Master Lease as a result of the late payment (where applicable).	As incurred	Payable to our affiliate if you are subleasing your restaurant space from our affiliate.
Reimbursement of Taxes	We may seek reimbursement from you the cost of all taxes, assessments and similar charges we incur arising from your operation of the Franchised Business or our licensing of intellectual property to you in the state where your Franchised Business is located.	Payable monthly by electronic funds transfer at same time as royalty and service fee.	Only imposed if government authority collects these taxes or assessments

¹Franchisees pay the costs or fees to Village Inn. All such costs or fees are non-refundable. Different versions of the Franchise Agreement from prior registration periods contain different fees, due dates and fee amounts. Franchisor may in its discretion waive or reduce certain fees described in this Item from time to time.

² Village Inn collects all royalties by automatic bank transfer through an automated clearinghouse. The royalty is calculated at 4.0% of Gross Sales. "Gross Sales" is defined as the total amount of sales made by you from all business activities taking place by or through the Restaurant, or at the franchised location, in the form of cash, check, credit, or otherwise (without reserve or deduction for inability or failure to collect the same), and includes, without limitation, the sale of food,

beverages, goods and services, whether sold for consumption on or off the premises, receipts from food catering, and sales from vending, amusement, or entertainment machines. Additionally, Gross Sales are based on the actual price you would charge. Gross Sales do not include tips and gratuities for employees or sales taxes actually collected and paid to a governmental agency. Furthermore, for the avoidance of doubt, loyalty redemptions, “Free Pie Wednesdays” discounts, senior discounts, delivery fees, and other customary promotions or discounts shall not be included in Gross Sales.

³ Village Inn can increase the percentage of your Gross Sales payable for the Marketing Fee by up to 1/2% per year after giving you at least 60 days prior notice of the increase. Although the maximum amount Village Inn may require you to spend on marketing and advertising described above is 3% of Gross Sales, Village Inn does not represent that such maximum percentage or current rates will be adequate for the success of your operations. All strategies and productions for local marketing shall require Village Inn’s prior approval (which shall not be unreasonably withheld) except for promotions or materials already initiated, implemented, or approved by Village Inn.

⁴ The lease payments for land and building vary depending upon factors such as location, size of parcel, and local market conditions. The lease payments for equipment also vary depending upon the equipment leased. For additional information, see Item 7 of this Franchise Disclosure Document.

⁵ Village Inn uses fiscal year ending starting December 1st and ending November 30th for financial reporting purposes.

⁶ After operating the Restaurant for at least one full fiscal year, Franchisee is granted the option to annually prepay the Royalty for that year and thereby receive a ten percent (10%) discount on the Royalty due by paying to Franchisor on or before February 1 an amount equal to ninety percent (90%) of that year’s projected royalty (“Prepaid Royalty”). The projected royalty is equal to four percent (4%) of the Gross Sales from the Franchisee’s preceding fiscal year (“Projected Royalty”). In making the calculation of the Projected Royalty, the beginning date for the preceding fiscal year shall be based on the Franchisor’s fiscal period with fiscal year being a 52-week fiscal year consisting of twelve (12) fiscal periods ending on the last business day of the fiscal year of the Franchisor. Franchisor and Franchisee agree to, on or before February 1, reconcile the difference between the Prepaid Royalty and the Royalty due based upon Franchisee’s actual Gross Sales (while still subject to the 10% discount) during the preceding fiscal year. For example, if Franchisee’s Projected Royalty was \$50,000 (based on Gross Sales of \$1,250,000), and thus the Prepaid Royalty was \$45,000, but Franchisee’s actual Gross Sales during the fiscal year were equal to \$1,500,000, Franchisee would owe Franchisor an additional \$9,000. ($\$1,500,000 \times 4\% = \$60,000$ Royalties owed $\times 10\%$ discount = \$54,000 less \$45,000 prepaid = a remaining owed balance of \$9,000).

⁷ Franchisor has the absolute right to increase the Royalty to up to eighteen percent (18%) of Gross Sales with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalties paid or owing to Franchisor with respect to the period during which Franchisee is

in breach or default are referred to as “Breaching Royalties.” Breaching Royalties will be charged for a minimum fourteen (14) day period, regardless of the length of the actual breach or default.

⁸ If, in order to obtain the lease agreement for the site of your Village Inn restaurant, the landlord requires you to obtain a third party lease guarantee, and we or one of our affiliates agrees to serve as such guarantor (with such determination to be made in our sole and absolute discretion), you will pay to us a lease guarantee fee in the amount of 10% of the total amount of the rental obligations being guaranteed under the lease during its term up to a maximum payment of \$10,000.

If Village Inn sells an existing Village Inn Restaurant to the Franchisee, the Franchisee will not be required to pay Village Inn for location assistance.

ITEM 7 Estimated Initial Investment

Description	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$16,000	\$35,000	Lump Sum	At signing of Franchise Agreement	Village Inn
Real Estate Occupancy (2)	\$120,000	\$160,000	As negotiated	At time of Purchase, or monthly if lease	Seller/Lessor
Site Review Report Fee	\$1,000	\$5,000	Lump Sum	As incurred	Village Inn
Furniture, Fixtures, Equipment, and Signage	\$200,000	\$585,000	As incurred	Upon delivery	Suppliers
POS, Back Office Computers	\$25,000	\$35,000	As incurred	Upon delivery	Suppliers
Construction Costs (3)	\$450,000	\$1,485,000	As negotiated	During construction	General Contractor
Pre-Opening Costs (4)(5)	\$80,000	\$120,000	As incurred	As incurred	Suppliers and Employees
Inventory	\$10,000	\$20,000	As incurred	As incurred	Suppliers
Smallwares	\$19,000	\$35,000	As incurred	As incurred	Suppliers
Insurance (Annual Premiums)	\$15,000 annually per restaurant Note 6	\$25,000 annually per restaurant	Note 6	Upon binding of coverage and payment terms provided	Insurance Company

(A) Liability Insurance \$1,000,000 in Coverage		Note 6		by the insurance carrier	
(B) All Risk Property Insurance; a Minimum of \$850,000 Combined Limit for Building and Contents Plus Business Income Coverage	Note 7	Note 7	Note 7	Upon binding of coverage and payment terms provided by insurance carrier	Insurance Company
(C) Workers Compensation and Employer's Liability Insurance	Note 8	Note 8	Note 8	Note 8	Insurance Provider
Training Costs and Opening Assistance Costs (9)	\$65,000	\$110,000	As incurred	As incurred	Suppliers and Employees
Cash or Cash Equivalent Reserve	\$25,000	\$30,000		Upon signing the Franchise Agreement	Franchisee's Bank Account
Average Per Month of Additional Funds for the First Three Months (10)	\$50,000	\$100,000	As incurred	As incurred	Employees, Suppliers, Utilities
TOTAL FOR	\$1,076,000	\$2,745,000			
	See Notes 11, 12, and 13	See Notes 11, 12, and 13			

Notes:

(1) The initial franchise fee is \$35,000 for the first Village Inn restaurant, the initial franchise fee is reduced for your second traditional restaurant to \$25,000, and for your third and each subsequent traditional restaurant to \$20,000.

(2) The occupancy cost varies depending upon if you purchase or lease the property, the return on investment the owner/lessor requires, the location of the real property, local market conditions, and other factors. Local conditions determine the size of the parcel of land on which a Village Inn restaurant can be constructed. A shopping center location requires approximately 10,000 square feet (plus easements for adequate parking). A non-shopping center location requires between 45,000 and 60,000 square feet. Landlords typically require a security deposit equal to one or two month's rent depending on your credit.

(3) Construction Costs vary depending upon whether your building is new or if it is a conversion of an existing building, property location, local market conditions, and other factors. Construction Costs include site development, all contractor build-out items like heating, ventilation, and air conditioning systems, wall and floor coverings and installation of furniture, fixtures, and equipment. If you lease the real property and the lessor constructs the restaurant, some or all of the construction costs will be included in your rent payments.

The Prototypical plans and specifications are the architectural, structural, plumbing, mechanical, and electrical drawings; kitchen equipment and dining room layouts; and all required design characteristics. These plans are for franchisee's use to have a local architect and related engineers "site adapt" to the specific location to meet the locally adopted codes, ordinances, and standards for the jurisdiction of authority to obtain the necessary building permit. The selection of an architect and all consultants is the franchisee's choice. Civil, landscape, and utility plans for the specific location will also be required and selected by the franchisee. All final plans shall be submitted to Village Inn for review and written approval of compliance with purely brand standards prior to submitting to the city for permits. All signage exhibits, types, styles, and colors shall also be submitted to Village Inn for review and written approval of compliance with purely brand standards prior to fabrication.

(4) Pre-Opening Costs include management wages and expenses, hourly employee training wages, deposits, business licenses, accounting, and legal fees. Pre-opening costs do not include (i) wages for the franchisee if an individual or, if an entity, the individual responsible for restaurant operations or (ii) costs of financing. If we and you determine that your Restaurant requires a liquor license, we estimate an additional \$2,000 - \$10,000 in costs to obtain a liquor license, but note that in some instances you may have to pay an amount that is substantially higher due to local laws and regulations. If your Restaurant requires a liquor license, you should check with the local licensing authority to determine costs. You must spend a minimum of \$10,000 on the grand opening celebration for your Restaurant.

(5) This estimates your initial start-up expenses. These figures are estimates and Village Inn cannot guarantee that you will not have additional expenses. Your costs depend on factors such as how well you follow Village Inn's pre-opening and operating methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for a restaurant such as Village Inn; the prevailing wage rate; competition; and the sales level you achieve.

(6) Liability coverage varies depending on the amount of insurance coverage and deductible, the experience and history of the insured, implementation of risk management procedures, the insurance company, and other factors. You must obtain all insurance we require and obtain it from an insurer having an A.M. Best's financial strength rating of "A-VIII" or better. Your insurance must: (i) insure the particular Franchisee listed on your Franchise Agreement; (ii) name us and our parents, subsidiaries, affiliates, directors, officers, and employees as additional insured; (iii) contain a waiver by the insurance carrier of all subrogation rights against us and our affiliates for casualty losses; (iv) provide that we will receive by an endorsement 30 days' prior written notice of cancellation; and (v) provide that failure by franchisee to comply with any term, condition or provision of the contract, or other conduct by franchisee, will NOT void or otherwise affect the coverage afforded us. Our minimum insurance coverage requirements are subject to change,

including to increase. You need to evaluate if your particular business will require greater coverage or other types of insurance. For example, we strongly recommend that you consult with an insurance broker to discuss whether your particular lease/situation requires and/or should obtain additional common types of insurance (including without limitation, business interruption, umbrella insurance and cyber liability/data breach insurance coverage). Such insurance may significantly increase your premiums but may also save you money in the long run. We make no representation that the minimum coverage that we specify will be sufficient for your business.

You must always keep the required insurance coverage in force, and you must comply with any changes we make periodically to our insurance requirements. Upon 30 days' notice to you, we may require you to increase and/or otherwise change the minimum coverage of the insurance referred to above including to reflect identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. In the event you fail to obtain or maintain the required insurance coverage, we reserve the right, but are not obligated to, obtain the required insurance on your behalf and charge the insurance premium to you.

(7) Property insurance premiums vary depending on the amount of insurance coverage and deductible, current cost of materials and labor, the age and value of the building and contents, location, safety and preventive features (e.g., burglar/fire alarms), the insurance company, and other factors.

(8) You must provide workers' compensation and unemployment insurance with coverage sufficient to meet the requirements of the law where your restaurant is located. State statutes determine the coverages and set the manual rates.

(9) This estimate includes (a) your training costs for you, a Director of Operations, and two managerial persons at a certified training restaurant for a period of 3 to 6 weeks (including attire that conforms with the brand standards, salary, travel, rental car, hotel, meals, and per diem for other living expenses for your personnel) and (b) your reimbursement to us for our costs for our opening assistance team members who travel to your Restaurant before, during and after your Restaurant opening (including travel, rental car, hotel, meals, prorated salaries and benefits, and per diem for other living expenses for our opening assistance team members during the period they are providing opening assistance to you). This estimate is for your first Restaurant. Your initial training and/or our opening assistance may decrease for additional Restaurants you develop.

(10) This is an estimated average of your initial expenses per month for the first three (3) months of operation. These expenses include payroll, food supplies, utilities, ordinary maintenance, grand opening expenses, advertising, royalties, and other expenses associated with normal restaurant operations.

(11) Village Inn relies on its and its affiliates' experience operating Village Inn Restaurants and on the industry experience of the persons listed in Item 2, above, to compile the estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

(12) Village Inn does not offer, either directly or indirectly, financing to new franchisees.

(13) None of the initial investments, except for some deposits, is refundable.

(14) The Site Review Report Fee is applicable if a site review is requested by Franchisee or Village Inn determines it is necessary. The cost of the report may increase if a site visit is required.

ITEM 8

Restrictions on Sources of Products and Services

Village Inn requires that your restaurant be constructed, equipped, and operated in accordance with its brand standards. Any cost incurred by Village Inn with respect to a change to the standard plans and specifications, shall be borne by you. Additionally, all signs, graphics, menus, and other similar materials that use any of the Village Inn trademarks or other commercial symbols or slogans must conform exactly to Village Inn's brand standards. Furthermore, Village Inn food servers and other personnel are required to comply with our dress code. Logoed or other brand-specific designated attire may be purchased from any supplier, provided that the specifications are followed. Village Inn does not derive any revenue from signs, graphics, or brand-specific designated attire. Most important, you must purchase and sell directly only pies made by a Village Inn approved vendor. In the event the pies provided by the approved vendor do not adhere to the quality and brand standards as Village Inn expects, you shall notify the Franchise Advisory Board and Village Inn in writing of deficiency of quality and brand standards. In the event the Franchise Advisory Board agrees with the complaint, and we cannot return the pies to the same quality and brand standards within sixty (60) days, either the Franchise Advisory Board or you may request an alternate vendor to source pies. We agree to approve any reasonable alternate vendor. Such approval shall not be unreasonably withheld. Village Inn derives revenue from these purchases and sales. "Franchise Advisory Board" means the Associate of Village Inn Franchisees ("AVIF"), so long as such organization represents franchisees owning at least 50% of all franchise Village Inn restaurants and in the event the AVIF fails to represent a sufficient number of restaurants, any successor independent franchisee association meeting such requirement. In the event no such entity exists, the Franchise Advisory Board shall be made up of 5 franchisees appointed by the Franchisor.

Village Inn or other third-parties we may designate are the only approved suppliers for services related to the preparation of the Site Review Report for your Restaurant. You must, at your own cost and expense, use our designated and approved architect, as detailed in the Confidential Manual and no other architect may be used by you for the design of your restaurant. You must also, at your own cost and expense, retain a licensed architect of record to prepare the permitted construction set of drawings.

We estimate that your purchases or leases from us, from designated and/or approved suppliers, and/or otherwise in accordance with our brand standards, will represent, collectively, approximately 25% to 50% of your total purchases in establishing the Restaurant, and approximately 25% to 50% of your total purchases in the continuing operation of the Restaurant.

You are required to install, maintain, and operate a network security appliance and related network components approved or designated by Village Inn in order to support secure connectivity with the Village Inn technology systems. The current estimated cost for the required security appliance hardware is approximately \$3,000 to \$4,500 per restaurant. This amount generally includes the required security license and management through the franchisor's designated platform for the applicable subscription term.

You are responsible for all costs associated with the purchase, installation, configuration, maintenance, replacement, and operation of the required network infrastructure and related equipment, which may include, without limitation, firewalls, switches, wireless access points, cabling, internet connectivity, and other hardware or services necessary to support the restaurant's technology systems.

You may also elect to utilize For2Fi for a secondary backup internet connection. The estimated cost for this optional service is approximately \$100 to \$125 per month per restaurant.

From time to time, Village Inn may require you to install updates, replacements, or upgrades to hardware, software, security systems, or related technology in order to maintain system security, functionality, and compatibility with Village Inn technology environment. You will be responsible for the cost of those updates, replacements or upgrades. Although requirements may change based on technology, security, or operational needs, it is generally Village Inn current practice not to require significant system upgrades more frequently than approximately once every five years.

In addition, you must comply with our required restaurant technology standards, which may include, without limitation, the following systems and services:

Point of Sale (POS) System

You must purchase and maintain a point of sale system ("POS" or "POS System") that conforms to our specifications and standards and through our approved vendor. The POS system is used to process sales transactions and integrate with other required restaurant technology systems. You are responsible for all costs associated with the purchase (\$2,500 to \$8,000), licensing (\$200 to \$600 monthly), installation, configuration, maintenance, support, and replacement of the POS system and related hardware and software components. We are currently an approved provider of certain POS computer system maintenance, monitoring, and support services including the technology support. These services may include remote system monitoring, help desk support, software updates, configuration management, and coordination with third-party vendors. From time to time, Village Inn may require you to implement additional or replacement technology systems, software applications, security tools, or operational platforms to support brand standards, operational efficiency, customer engagement, reporting, or system security. These requirements may include, without limitation, new POS features, digital ordering systems, loyalty platforms, kitchen display systems, network security tools, or other restaurant technology systems. You will be responsible for the costs associated with the purchase, licensing, installation, maintenance, and operation of any such required technology.

Back Office System

You must purchase and maintain a Back Office ("RMS") system that conforms to our specifications and standards to our specifications and standards and through our approved vendor. The RMS system is used to process sales, inventory, labor, cost of goods and integrate with other required restaurant technology systems. You are responsible for all costs associated with the licensing (\$100 to \$400 monthly), installation, configuration, maintenance, support, and software components.

Tablets

You are required to maintain tablet devices approved by Village Inn for use with certain operational and management applications. Village Inn currently requires a minimum of two (2) tablets per restaurant. These devices may be used to access and operate required systems such as back-office management, enablement platform for training and communications, acquisition and recruitment platform for hiring and onboarding, and Olo for digital ordering management. you are responsible for all costs associated with the purchase (currently \$400 with a case), setup, connectivity, maintenance, and replacement of these devices.

You must implement and maintain appropriate data security measures to protect customer payment card and business information. This includes compliance with applicable data security standards, including the Payment Card Industry Data Security Standard (PCI DSS), and the use of approved security tools, monitoring systems, and protective services designated by us. You are responsible for all costs associated with maintaining required security controls, security software, monitoring services, incident response measures, and any remediation required to maintain compliance with applicable security standards or Village Inn requirements.

We are also currently an approved vendor of certain Point of Sale Computer System maintenance and support services. See Item 6 and 11 for the types of services we may provide and their related costs.

Except for Legendary Baking and other Village Inn divisional or affiliated pie facilities, Village Inn's construction plans and specifications for the POS System. We reserve the right to establish and institute a restrictive sourcing program for goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating a Village Inn Restaurant. Our Operating Manual, and changes thereto, will identify our standards and specifications for you and (where appropriate) suppliers. If we institute additional restrictive sourcing programs and you want to use any item or service we have not yet evaluated or to buy or lease from a supplier we have not yet approved or designated as meeting our minimum standards and specifications, you may be required to send us sufficient information, specifications and/or samples so we can determine whether the item or service complies with our standards or the supplier meets approved supplier criteria. We will decide within a reasonable time (no more than 45 days) whether the item, service or supplier meets our criteria and we will notify you of our approval (as well as of any subsequent disapproval of the item, service, or supplier) in writing. We may establish alternative procedures for your requests and may limit the number of approved items, services and/or suppliers as we think best. In addition to requiring purchases from approved distributors or suppliers, we may, in our sole discretion, require that you purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements that we specify.

Village Inn negotiates purchasing arrangements with certain suppliers that provide volume discounts or vendor allowances based on purchases made by you and other franchisees, usually ranging between 1% and 5%. You can participate in these arrangements, if at all, only to the extent that your restaurant's location is in the geographic area that the supplier services. Participation in any eligible programs is conditioned upon your compliance with Village Inn's requirements. In

some cases, franchisees benefit in proportion to the amount of their purchases; in other instances, Village Inn receives the entire amount of the vendor allowances. In some cases, franchisees benefit by receiving a discount on supplies. Such vendor allowances are generally based on a percentage of franchisee purchases and are calculated based on an amount per unit, per case, per gallon, or per pound of product purchased. We may use vendor allowance funds or other non-cash items received from suppliers to us and our franchisees in our sole and absolute discretion. Village Inn has not established purchasing or distribution cooperatives.

Pursuant to the mergers as fully described in Item 1, the total revenues and expenses of Franchisor and its subsidiaries and affiliates have been consolidated with MTY USA's, as reflected in the audited consolidated financial statements presented in this disclosure document. For the year ending November 30, 2025, MTY USA and its subsidiaries, as of such date, derived revenues from the sales of products, services, and vendor allowances in the amount of \$47,054,607, which was approximately 7.8% of MTY USA's total consolidated recognized revenue in the amount of \$604,239,000.

Various suppliers and vendors of MTY USA and its subsidiaries contribute marketing and other revenues to MTY USA and/or its subsidiaries based upon system-wide purchases from those suppliers and vendors. During our last fiscal year, MTY USA and its subsidiaries on a consolidated basis earned a total of \$29,352,205 of the \$47,054,607 from such vendors. Additional other revenues (for example, revenue from miscellaneous fees and expenses from franchisees) in the amount of \$5,917,821 were also received by MTY USA and its subsidiaries during the last fiscal year.

No officers of Village Inn own an interest in any supplier.

Village Inn may use vendor allowance funds or other non-cash items received from Franchisor's suppliers related to the Village Inn brand to benefit the Village Inn brand in our sole and absolute discretion.

ITEM 9

Franchisee's Obligations

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

Obligation	Section in Franchise Agreement	Section in Sublease	Disclosure Document Item
a. Site selection and acquisition/lease	Articles 2 and 23 of Franchise Agreement	Preamble	Items 5, 7, 11, and 12

Obligation	Section in Franchise Agreement	Section in Sublease	Disclosure Document Item
b. Pre-opening purchases/leases	Article 9 and Section 10.2 of Franchise Agreement	Not Applicable	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Article 9 and Sections 6.4, 10.2 and 12.1 of Franchise Agreement	1.2	Items 5, 7, and 11
d. Initial and ongoing training	Articles 11 and 12 of Franchise Agreement	Not Applicable	Items 7 and 11
e. Opening	Sections 2.2 and 6.3 of Franchise Agreement	Not Applicable	Items 7 and 11
f. Fees	Articles 4, 5 and Sections 3.2(c), 6.1, 6.4, 7.3, 7.4, 18.2(d), 22.1(b), and 29.19 of Franchise Agreement	3, 4, 5 and 18	Items 5, 6, 7, and 10
g. Compliance with standards and policies/Operating Manual	Article 10 of Franchise Agreement	Not Applicable	Item 8
h. Trademarks and proprietary	Articles 1, 15, 16, and 24 of Franchise Agreement	Not Applicable	Items 13 and 14
i. Restrictions on products/services	Section 10.2 of Franchise Agreement	6	Item 16
j. Warranty and customer service	Article 10 of Franchise Agreement	Not Applicable	Item 11
k. Ongoing product/service	Section 10.2(g) of Franchise Agreement	Not Applicable	Item 8
l. Maintenance, appearance, and remodeling requirements	Articles 9, 10, 13, and 15 and Section 18.2(g) of Franchise Agreement	Not Applicable	Items 8 and 11
m. Insurance	Article 20 of Franchise Agreement	8	Item 7
n. Advertising	Article 6 of Franchise Agreement	12	Items 6, 7 and 11

Obligation	Section in Franchise Agreement	Section in Sublease	Disclosure Document Item
o. Indemnification	Article 20 and Sections 9.9, 18.2(h), 26.1 and 26.2 of Franchise Agreement	Not Applicable	N/A
p. Owner's participation/management/staffing	Articles 10, 11, and 12 of Franchise Agreement	2.3, 7, 11 and 16	Items 11 and 15
q. Records and reports	Article 14 and Sections 5.2 and 13.1 of Franchise Agreement	Not Applicable	N/A
r. Inspections and audits	Articles 13 and 14 of Franchise Agreement	3	Items 6 and 11
s. Transfer	Articles 18 and 19 of Franchise Agreement	3.3 and 13	Item 17
t. Renewal	Section 3.2 of Franchise Agreement	9	Item 17
u. Post-termination obligations	Article 24 of Franchise Agreement	2.2	Item 17
v. Non-competition covenants	Article 17 of Franchise Agreement	Not Applicable	Item 17
w. Dispute resolution	Articles 22 and 25 and Sections 18.4, 29.4, 29.5, 29.6, 29.7, 29.8, and 29.16 of Franchise Agreement	Not Applicable	Item 17

ITEM 10

Financing

Item 10:

We do not offer direct to franchisees. However, in limited circumstances and in our sole discretion, we or one of our affiliates may provide financing in connection with your purchase of a corporate-owned restaurant sold on an “as-is” basis, or in other limited, one-off circumstances. In addition, we may in our sole discretion, provide a lease guarantee for an approved restaurant site.

Other than as described above, we do not guarantee franchisee obligations under any note or other obligation, except as specifically described below.

If you are an individual and married, your spouse must execute and deliver to us a Personal Guaranty of Franchise Agreement (See Appendix A of the Franchise Agreement: Ownership of Franchisee and Personal Guaranty) at the same time that you sign the Franchise Agreement unless your spouse is also signing the agreement as an individual. If you are a corporation, limited liability company, or other business entity, each of your shareholders, members, or other owners (and their respective spouses, if married) must execute and deliver to us a Personal Guaranty of Franchise Agreement, at the same time that you sign this Agreement. In the event any person who has not previously signed a Personal Guaranty of Franchise Agreement becomes your spouse or the holder of any class of your stock or ownership interests or a spouse of such holder, at any time after the execution of such agreement, you must cause such person(s) to immediately execute and deliver a Personal Guaranty of Franchise Agreement to us as appropriate.

Lease guarantee fees, if applicable, are disclosed in Item 6 (Other Fees) of this Disclosure Document.

If the franchisee is an individual, the individual franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and each of their respective spouses, if married) must personally guarantee the debt. Once paid, the lease guarantee fee is non-refundable under all circumstances. We do not offer financing for the lease guarantee fee as it is payable in full upon the execution of the guarantee. Neither we, nor any of our affiliates, are required to serve as a guarantor of your lease for the site of your restaurant. The decision of whether to serve as a guarantor of your lease shall be made at our sole and absolute discretion.

If you purchase a corporate restaurant “as-is” that is owned and operated by one of our affiliates, we may finance up to 100% of the purchase price, at our sole discretion. When you purchase a corporate-owned restaurant from one of our affiliates, you will enter into an “Asset Purchase Agreement” (see Exhibit A-2: Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee)). If you finance any portion of the purchase price of the corporate-owned restaurant through one of our affiliates, you will also enter into a “Promissory Note and Security Agreement” and a “Guaranty,” which are exhibits to the Asset Purchase Agreement (and also the form of agreement we would use in any other limited, one-off circumstance in which we or our affiliates, in our sole discretion, provide financing). The purchase price may include the initial franchise fee, any transferrable furniture, fixtures, and equipment, the leasehold, and/or any transferable leasehold improvements that are located in the restaurant at the time of purchase, along with any inventory in the restaurant at the time of purchase. The lender providing the financing may be one of our affiliates, whichever entity owns the restaurant. The annual rate of interest charged will be between 0% and 12% and will depend on the creditworthiness of the franchisee, the amount being financed, and the dollar amount being paid up-front by the franchisee. There are no finance charges associated with the Promissory Note and Security Agreement. The amount being financed will be required to be re-paid in equal monthly installments and the period of repayment will be between 12 months and 60 months, depending on the amount being financed.

The security interest required by us is a first position lien on all equipment. If the franchisee is an individual, the individual franchisee (and his/her spouse, if married) must personally guarantee the debt. If the franchisee is a corporation, limited liability company, partnership, or other entity, each of the principals of the entity (and their respective spouses, if married) must personally guarantee the debt. The Promissory Note and Security Agreement may be pre-paid in full or in part at any time and from time to time without penalty. The franchisee's potential liabilities upon default include: (i) an accelerated obligation to pay the entire amount due, including but not limited to all accrued and unpaid interest, if the default is not cured within seven calendar days; and the interest rate will be increased to an annual rate of 18%; (ii) obligation to pay costs and attorneys' fees incurred in collecting the debt; (iii) termination of the franchise; and (iv) liabilities from cross defaults resulting from non-payment or from the loss of business property on franchisee's other restaurants named in the Promissory Note and Security Agreement and granting us or our affiliate the right to take back the restaurant(s). Additional waiver provisions are set forth in the Promissory Note and Security Agreement attached as Exhibit A-2 to this Disclosure Document. The Promissory Note and Security Agreement requires franchisees to waive the following legal rights: demand, notice, diligence, protest, presentment for payment, and notice of extension, dishonor, protest, demand and nonpayment of the promissory note; any release or discharge by reason of any release or substitution of, or other change in, any security given for the indebtedness or the obligation of any person or entity who may become directly or indirectly liable for the note or any extension or other modification of the note; and rights to contest or appeal our exercise of the take back rights and not receiving compensation for the restaurant after the take back rights have been exercised. The Promissory Note and Security Agreement also bars the franchisee's right to contest the take back rights.

We require a first lien position in all equipment as a security interest to be given by the franchisee. We do not intend to sell, assign or discount to a third party any financing arrangement. We do not arrange financing from other sources; therefore, we do not receive direct or indirect payments from placing financing.

The lease for a corporate restaurant is entered into by one of our affiliates. When you purchase the corporate restaurant, you will enter into a Sublease (See Exhibit A-3: Sublease) with our affiliate using our standard form of Sublease where you pay all monies owing under the Lease directly to the property owner, or our standard form of Sublease in which you pay all monies owing under the Lease to our affiliate and the affiliate will pay the property owner, which are exhibits to the Asset Purchase Agreement. The Sublease will contain substantially the same terms as the Lease. The term of the Sublease will be for the entire term of the Lease, less one day. If you are an individual, you (and your spouse, if married) must sign the Guaranty of Sublease (See Exhibit D to Sublease: Guaranty of Sublease). If you are a corporation, limited liability company, partnership or other business entity, each of your shareholders, members, partners or other owners (and their respective spouses, if married) must sign the Guaranty of Sublease.

If we determine that you do not have the financial capacity to perform your obligations with respect to the site or the Lease, we may deny approval of the site and/or Lease. That disapproval will be deemed to be reasonable. In that event, we or our affiliates or franchisees may operate a *Village Inn* restaurant at that site.

We or our affiliates may, in our sole discretion, lease the site approved by us for your *Village Inn* restaurant and sublease the site to you. In addition, if and when you sign the Sublease, you must pay to us an amount equal to two months base rent under the Lease, plus a security deposit in an amount equal to the security deposit required under the Lease. (We reserve the right, however, to require a greater security deposit, based upon your creditworthiness.)

Please note, if you intend to lease the site of your restaurant, the lease must include certain required provisions (See Appendix B of the Franchise Agreement: Option for Assignment of Lease; Exhibit A-1: Franchise Agreement – Section 23).

ITEM 11

Franchisor's Assistance, Advertising, Computer Systems, and Training

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

BEFORE OPENING:

Before you open your Village Inn Restaurant, we (or our designee) are required by the Franchise Agreement to provide the following assistance and services to you. (In the case of a Franchisee purchasing from Village Inn an existing operating Restaurant, the obligations described under this heading, Before Opening, will not apply.)

You select your business site and we evaluate it prior to execution of the Franchise Agreement. In conducting our evaluation, we may consider a variety of factors including demographics, traffic counts, ingress-egress, visibility, residential density, and parking. We do not generally own the site.

We are required to approve or disapprove of any lease you enter into, which determination will be made in our sole discretion. Our approval is not a warranty, representation or guaranty by us that a Village Inn opened at that site will be a financial success or that the site complies with any or all applicable laws, codes, ordinances or regulations (including without limitation, the Americans with Disabilities Act). Regardless of our approval, you are solely responsible for the terms of the lease. (Franchise Agreement, Section 3.1). Village Inn will provide a Site Review Report for the proposed site, if requested, for the Franchised Location and if a Lease exists, may review the Lease for the premises for compliance with the terms and conditions of this Agreement. You will provide the information as may be reasonably specified by Village Inn for the proposed site selected by you. Village Inn reserves the right, that within 30 days, Village Inn may visit the proposed site, if requested, and prepare a Site Review Report for you which provides certain site information relevant to assessing whether the proposed site is suitable for development of a Village Inn® Restaurant. The Site Review Report is not a warranty, representation or guaranty by Village Inn that a Village Inn® Restaurant opened at that site will be a financial success or that the site complies with any or all applicable laws, codes, ordinances or regulations (including without limitation, the Americans with Disabilities Act). If applicable, you may not purchase or lease any proposed site until Village Inn has issued a “no-objection” letter, signifying the site simply meets brand standards. Once a “no-objection” letter is issued, you will pay Village Inn the then-current fee (currently \$1,000 to \$5,000, subject to increase if a site visit is required) for the Site Review

Report (see Item 5). Village Inn can terminate your Franchise Agreement if you fail to open your Restaurant before the Required Opening Date, as defined in the Franchise Agreement.

We will provide you with one set of Village Inn's prototypical plans and specifications (that you must adapt to local codes) for the construction and/or equipping of a Village Inn Restaurant. We will not be responsible for conforming any premises purchased, leased, or rented by you to local ordinances and building codes, other applicable laws/rules/regulations, or obtain for you required health, sanitation, building, driveway, utility, sign, or any other required permit. You bear sole responsibility to construct, remodel, and/or decorate any premises purchased or leased by you. (Franchise Agreement, Section 9.2).

You will be solely responsible for inspections during construction or renovation to confirm that the Restaurant is being constructed or renovated in a workmanlike manner and according to the specifications established by us. You will be solely responsible for complying with all federal, state, and local laws, ordinances, statutes, and building codes, and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of your Restaurant at the franchised location. We will have no responsibility to you or any other party. You will not open the Restaurant for business without our prior written approval.

We will not hire or assist you in hiring or training employees, except for your Director of Operations and two additional managers designated by you as described in this Item 11 below. (Franchise Agreement, Section 10.2(j)).

Promptly upon the full signing of your Franchise Agreement, we will deliver to you one copy of the Operating Manual containing mandatory and suggested specifications, standards, and operating procedures prescribed from time to time by us, as well as information relative to your other obligations under the Franchise Agreement and in connection with the operation of your Village Inn Restaurant. We have the right to add to and modify the Operating Manual from time to time, in our sole discretion, to reflect changes in the specifications, standards, and operating procedures, but no such addition or modification will alter your fundamental status and rights under the Franchise Agreement. To protect our confidential material and methods, we may require that your employees, shareholders, officers, directors, general partners, members, and managers sign a confidentiality agreement.

The System and our Operating Manual do not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Operating Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at the Village Inn Restaurants. We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of the Village Inn Restaurant's employees or customers. We may modify these manuals, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement, Sections 1.1 and 10.2(j)).

We will provide you with general assistance prior to the opening of your Village Inn Restaurant, including approving or disapproving your marketing/advertising and grand opening plans and materials. Village Inn will provide access to a "grand opening celebration" package which will include advertising and promotional materials for your Village Inn® Restaurant (see Article 6 of the Franchise Agreement). You must spend a minimum of \$10,000 (or a higher amount

as determined by Village Inn) on the grand opening celebration for your first Restaurant (see Item 7)..We will provide an on-site opening assistance team at your Restaurant before, during and after the opening of your Restaurant. (Franchise Agreement, Section 12.5).

SCHEDULE FOR OPENING:

Generally, the opening of your Village Inn Restaurant will take place within eighteen (18) months from the date you sign the Franchise Agreement. Some factors which may affect this timing are your ability to locate an acceptable site, the time to acquire the site through lease negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, the timing of the delivery and installation of equipment and signs, and the time to convert, renovate, or build the premises. The conversion of an existing facility to a Franchised Restaurant usually takes sixty (60) to one hundred fifty (150) days, depending on the extent of the conversion of the premises, equipment, and operational systems that may be necessary. In any event, your Village Inn Restaurant is required to be opened and operational within eighteen (18) months after you execute the Franchise Agreement.

AFTER OPENING:

There is no obligation on Village Inn to provide services to you during the term of the franchise. We may, however, offer the following to you from time to time:

Although we will not hire or assist you in hiring or training employees, we will provide training of your Director of Operations and two additional managers as you may request from time to time so that at all times you employ a Director of Operations and two additional managers who have successfully completed our training program. There are no tuition fees for the training; however, you will be responsible for all costs incurred by your employees to attend the training. (Franchise Agreement, Section 12.4).

We may from time to time provide continuing assistance through operations manuals, supplements, bulletins, and periodicals. Training programs are also offered periodically on various aspects of restaurant operations, which Franchisee may be required to attend, but not more frequently than once a year. We also may make available to you information regarding any new product, service or supplier or any updated method of doing business. There are no separate charges for these services, but you are responsible for the wages and living expenses of those attending such training. (Franchise Agreement, Section 12.3)

Prices to be charged to your customers in connection with your Village Inn Restaurant are solely your responsibility. If we consult with you on costs and prices, or if we or our agents and/or representatives suggest prices to you from time to time, you are under no obligation to adhere to them. If we conduct advertising in which prices for items are indicated or suggested, these prices are not binding on you in any manner. (Franchise Agreement, Sections 10.2(f)). Modifications to the menu are allowed only as a reflection of food and beverage items characteristic of your local area and subject to our testing and prior written approval.

You are solely responsible for the operation of your Village Inn Restaurant in accordance with the requirements of the Franchise Agreement, the Operating Manual, and all other applicable manuals and directives provided to you in writing by us from time to time. We may conduct

periodic inspections of your restaurant as we deem necessary to furnish supervision and assistance in the operation of your restaurant and to assure the quality of goods and services being offered by you. At your request, Village Inn, if it deems appropriate after consultation with you, will provide, at your expense, extraordinary operating assistance above that normally furnished, and such assistance may include on-site visits by Village Inn personnel. (Franchise Agreement, Section 10.1).

ADVERTISING:

Village Inn develops, maintains, and administers advertising, public relations, and sales promotion programs intended to help the success of our restaurant brand. We do not, however, use marketing/advertising fees paid by franchisees to advertise the sale of Village Inn franchises. We have no obligation to ensure that the Marketing Fee is expended so as to be proportionate or equivalent to the fees paid by you or that any particular amount is spent in the territory, if applicable.

Each Village Inn franchise granted under this offering must pay to Village Inn a weekly marketing/advertising Marketing Fee of 1% of the Gross Sales for that restaurant. Company-owned Restaurants contribute the same rate as other Village Inn franchisees.

Additionally, franchisees must spend a minimum of 1% of their Gross Sales annually in each franchise location for local marketing and advertising promotions. All strategies and productions for local marketing shall require Village Inn's prior approval (which will not be unreasonably withheld) except for promotions or materials already initiated, implemented, or approved by Village Inn.

If a regional marketing/advertising cooperative is established by Village Inn that covers the market in which your Restaurant is located, then you will be required to participate in and contribute up to 1% of your annual Gross Sales to such regional marketing/advertising cooperative.

Also, if Village Inn establishes 300 Village Inn owned and franchised restaurants combined in at least 25 states, each franchisee may in our sole discretion be required to participate in and contribute up to 1% of its annual Gross Sales in each franchise location, to a national cooperative established by Village Inn for which such contributing franchisee will have one vote, for each restaurant owned, in determining how much money should be spent on national advertising or promotions of the Village Inn brand. Village Inn owned restaurants do not contribute to these cooperatives.

Village Inn will use the fees paid by franchisees for marketing studies, creation of promotional materials, and other services (material production, administrative support, etc.) and to purchase advertising time and space in national, regional, or other advertising media (television, radio, and print) to promote Village Inn Restaurants. The fees will also be used to pay the costs and overhead of Village Inn's in-house Village Inn marketing department and advertising agencies. You may develop advertising materials for your own use, at your own cost, but prior to use, we must approve the materials in writing. You will not establish a Home Page (website) for your Restaurant without Village Inn's consent. In addition, when Village Inn provides the Franchisee with access to the local restaurant template page (the "Subpage") on Village Inn public website (www.villageinn.com) or another website maintained by Village Inn, the Franchisee will

be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Village Inn may set forth in the Manuals or otherwise. Finally, you may not use the words “Village Inn®” or any other marks as any part of an email address, any domain name or, absent Village Inn prior approval, in any online medium, including social media networks such as Facebook, Twitter, LinkedIn, YouTube and the like.

The marketing/advertising fees are placed into a bank account, and they are accounted for on Village Inn’s books as a separate line item. Village Inn will provide to contributing franchisees within 120 days after the end of Village Inn’s fiscal year an accounting of the use of those fees paid by franchisees to Village Inn. If there is a credit balance in that account at the end of any fiscal year, that credit balance shall be retained for future expenditures. During the year ended November 30, 2025, \$825,977.58 in marketing/advertising fees were paid by franchisees. Village Inn, out of their general funds, spent a total of \$1,185,724 on marketing and advertising programs related to Village Inn Restaurants, which is approximately \$47,428.96 per company-operated Village Inn Restaurant (based on number operating at the end of the fiscal year). Of that amount, approximately, \$34,846 or 3%, was spent on production; approximately \$118,175 or 10%, was spent on media placement, approximately \$879,640 or 74% was spent on innovation, and approximately \$153,062, or 13% was spent on administration of the fund, which costs were absorbed by Village Inn as overhead. None of the advertising described in this paragraph is principally a solicitation for the sale of franchises.

Village Inn will provide access to a “grand opening celebration” package which will include advertising and promotional materials for your Village Inn Restaurant (see Article 6 of the Franchise Agreement). You must spend a minimum of \$10,000 (or a higher amount as determined by Village Inn) on the grand opening celebration for your first Restaurant (see Item 7). We or our designated affiliate will use the Grand Opening Marketing to pay for the grand opening and initial advertising, but may, in our sole discretion, reimburse you for some local store marketing expenses that you pay if you received our prior approval. The Grand Opening Marketing should be used within six (6) months of the opening of your Franchised Business to the public. However, if a portion of the Grand Opening Marketing is not used within those six (6) months, we may, in our sole discretion, and without prior notice, transfer the remaining portion of the Grand Opening Marketing after six (6) months from the opening of your Franchised Business to the public to the Marketing Fund.

TRAINING:

Village Inn requires that you, the Director of Operations, and a minimum of two managers successfully complete and become certified in Village Inn’s management-training program for each franchised restaurant. Village Inn has the right to pre-approve management candidates before the beginning of training, and retains sole discretion over successful training progress and certification. At least two of these individuals must be involved in the daily operation of the restaurant.

We conduct the required franchise training programs throughout the year, as needed. On-the-job training is conducted at a certified training restaurant specified by us. Completion of the training program must occur no less than four weeks before the restaurant’s scheduled opening date. The duration of a training program lasts approximately 3 to 6 weeks. The manager

candidate's background, profile, and performance while in training determine the program's duration for that candidate. The instructional materials for the training may include binders, printed materials, and online training courses. The Franchise Management Training Program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training (up to)	Hours of On-The-Job Training (up to)	Location
Orientation Restaurant Tour Materials Issued	3	0	Certified training location designated by Village Inn
Hourly Skills Initial Kitchen Training Recipes Technical Skills Kitchen Positions Food Preparation Initial Front of House Training Food Presentation Service Steps Position Functions	30	105	Certified training location designated by Village Inn
Testing	5	0	Certified training location designated by Village Inn
Manager Training Overview of Restaurant Operations Management Functions Purchasing and Inventory Opening and Closing Systems and Tools	30	195	Certified training location designated by Village Inn
Review of Training Restaurant Systems Goal Setting Problem Solving	10	0	Certified training location designated by Village Inn

Subject	Hours of Classroom Training (up to)	Hours of On-The-Job Training (up to)	Location
Totals:	Up to 75	Up to 300	

Village Inn staffs its Training and Development Department with instructors that are well versed in restaurant and personnel training, management, and supervision. All training will be conducted under the supervision of a suitable instructor provided by Franchisor. All instruction will be conducted by instructors who have experience with Village Inn and/or with restaurant operations. Our instructors have been adequately trained in the ownership and operation of a Village Inn franchise, including having, at a minimum, completed the entire Training Program, and having experience in training each of the subjects listed in the table above.

Village Inn does not charge tuition for training of you, your initial Director of Operations, and two managers. However, you are responsible for all costs incurred by you and your employees during training. These costs include wages, benefits, workers compensation insurance, transportation, lodging, meals, and other living expenses.

From time to time, but not more than once a year, Village Inn may require you, your Director of Operations, and your managers, at your cost and expense, to attend and successfully complete refresher or additional courses. Additionally, Village Inn may also provide specific training programs on a space-available basis, at your expense. We encourage your attendance at these supplemental training programs.

For a minimum of 18 business days during the pre- and post-opening period of the Restaurant, we will provide you, at your Restaurant's premises and at your expense, a new restaurant opening assistance team consisting of at least 10 persons for the purpose of facilitating the opening of the Restaurant. During this period, our team members will also assist you in establishing and standardizing procedures and techniques essential to the operation of the Restaurant and will assist in training personnel. There is no fee for this opening assistance. However, you will pay Village Inn for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team within 30 days after receipt of an invoice from Village Inn. Note: 50% of this expense is billed up front before the opening date.. We may reduce or eliminate our new restaurant opening assistance to you if you or your affiliates have previously opened and are operating Restaurants.

COMPUTER SYSTEMS:

We require that you operate a fully functional POS and back office system (the "Point of Sale Computer System"), including credit card processing, related systems that track sales and other point-of-purchase information, and telecommunications infrastructure that is compatible with our infrastructure and meets all necessary security and compliance requirements.

You are required to purchase, install, and maintain the computer systems and related technology necessary to support required restaurant operations and technology platforms. The current estimated cost of the required computer systems for a restaurant is approximately \$2,500 to \$8,000 fully installed. You may also be required to maintain, update, or replace these systems periodically, with estimated average costs of approximately \$2,500 per year, which may vary depending on system upgrades, replacements, or operational requirements. These systems may include, without limitation, back-office computers, manager workstations, telephony systems, network-connected peripherals, printers, scanners, and other hardware necessary to operate the required restaurant technology systems. You are responsible for all costs associated with the purchase, installation, configuration, maintenance, licensing, support, and replacement of these systems, including related telecommunications equipment, hardware, peripherals, maintenance agreements, software, and operating systems. The required equipment and services may be obtained from vendors approved or designated by the franchisor, or from commercially available vendors that meet the franchisor's specifications and compatibility requirements. Required equipment and services may be obtained from vendors approved or designated by Village Inn, or from commercially available vendors that meet Village Inn's specifications and compatibility requirements.

In addition to the required POS System we recommend you purchase a card reader to be EMV compliant and to encrypt credit card data, or such other POS System as we may designate from time to time. The POS System must process all restaurant and beverage orders, track employee hours for payroll, and print customer checks. In addition, the POS System must be able to perform credit card and gift card processing. The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from restaurant to restaurant and are typically payable and collected by Village Inn approved supplier or vendor. We estimate that the costs associated with credit card transactions will be between 1% and 4% of your gross sales. All computers at your restaurant must be compliant with the current Payment Card Industry Data Security Standards, as issued by the credit card processing companies, to ensure the security and privacy of your customers' credit card data. Village Inn will have independent access to the information and data contained on your POS System.

The recommended card reader cost is approximately \$420 per terminal with an activation fee of \$150 per restaurant and a \$55 per month processing fee per restaurant. Installation costs will vary. Kitchen Display System (software and) hardware is currently optional but may be required in the future, and is recommended for enhanced speed of service. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the POS System.

You are required to maintain software and hardware support service agreements for the required POS system and restaurant network infrastructure. These services must include, at a minimum, network security and encryption services, POS system maintenance and technical support, assistance with menu configuration and updates, and support for required back-office systems. The current estimated cost for these required support and maintenance services is approximately \$3,900 per restaurant per year. You are responsible for all costs associated with maintaining these service agreements and ensuring that all required systems remain operational, secure, and compliant with franchisor standards. These services may be provided by Village Inn, its affiliates, or approved third-party vendors. The scope of required services and the associated fees may be modified by Village Inn from time to time based on technology requirements, system

changes, or operational needs, and such changes may occur without prior notice. In addition, Village Inn may require additional office and telecommunications equipment, and computer hardware, peripherals and software you use in your Village Inn® Restaurant, which may include (a) a back-office personal computer for managing e-mail, composing and editing documents, running restaurant management applications, and web browsing; and (b) high-speed Internet connectivity with antivirus and data security software (as Village Inn specifies in the Manuals or otherwise in writing). You are responsible for the cost of those items.

We recommend a separate computer (aside from the POS System) with a current Operating System (or supported version of MS Windows) for your general office needs. We recommend certain computer software that is of assistance in operating your business. The computer you select must have the capacity to operate the recommended software and the current Operating System (or supported version of Microsoft Windows). In addition, because of the rapid advances in computer and communications technology, we may require you to add computer hardware and software not only for POS transactions but for training, communications, or other systems (at our direction by revising the Village Inn's Operating Manual) to accommodate any advances Village Inn determines are in the best interest of the Village Inn's franchise system which includes, without limitation, that we may require a particular firewall (hardware and/or software). You will incur the cost of the required hardware and software and there are no contractual limitations on the frequency and cost of this obligation, but it is Village Inn's policy not to require significant upgrades more than once every 5 years. In addition, you are required to acquire and maintain a high-speed broadband Internet/DSL/Cable connection to accommodate communication and training systems. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the computer. Neither we nor any third party is obligated to provide ongoing maintenance, repairs, or updates for the computer. We do not require you to purchase a service contract for this computer.

You are required to report the following data by restaurant on a weekly basis: sales, and guest counts..

You are required to install and maintain a network security appliance as specified by Village Inn and connect to the Village Inn network security concentrator. The cost of a network security appliance is \$3,500 to \$4,500 per restaurant. Your POS System and other computers must follow the Payment Card Industry (PCI) DSS merchant requirements as stated on the <http://www.pcisecuritystandards.org>. The POS System must be segmented off of other internal business networks. You must use internal or third party IT network resources, which include security shield, threat defender, and breach protection programs. We may suggest third party PCI compliance vendors to you, but you are responsible for your own PCI compliance and general data security at your Restaurant whether or not we provide network security and encryption services as set forth above. Village Inn has the right to access the information and data collected and generated by your computer system.

Village Inn recommends you purchase the latest version of Microsoft Office. Microsoft Office includes Microsoft Excel and Microsoft Word, which will allow effective communication between the home office and franchise locations.

All of the preceding computer system requirements are set forth in the Operating Manual, as may be updated from time to time in our sole discretion. Additional charges for computer, software or licensing fees may be charged in the future if there are changes or updates to the computer system requirements.

You may be required to participate in online ordering and delivery programs, which may, in Village Inn's sole discretion, require you to pay for certain goods and/or services from Village Inn, its affiliates, and/or unaffiliated third-party providers. As of the date of this disclosure it is strongly recommended. For example, as of the Disclosure Document's Issuance Date, franchisees are required to enter into an agreement with, and pay corresponding fees to, Olo as established by Olo for such goods and/or services. Applicable fees may include, as of the Disclosure Document's Issuance Date, a monthly fee of \$135, Transaction Fee of \$0.13 per transaction. This provider and/or its fees may change, in Village Inn sole discretion, upon advance notice to you. Additionally, third-party delivery programs may charge varying fees, including commissions of 15% to 24%, order processing fees (for example, \$0.99 promo fees, or native delivery fees of \$5.49 to \$12 based on distance), and pickup fees of 5% to 7%. Program terms and fees vary by provider and may change or increase under the provider's then-current terms.

OPERATING MANUAL:

Before you sign the Franchise Agreement, we will give you the opportunity to review the current Operating Manual for Village Inn Restaurants. The Operating Manual contains approximately 100 pages. The Operating Manual may be subject to revisions or additional requirements at any time.

FRANCHISE ADVISORY BOARD:

Village Inn has a Franchise Advisory Board. Its purpose is to provide a forum for the exchange of information regarding operations, marketing, research and development, and other issues relating to the Village Inn System as a whole. The board members are nominated by the franchisees in their respective regions. The Franchise Advisory Board serves in an advisory capacity only and does not have decision-making power. Village Inn has the power to change or dissolve the Franchise Advisory Board.

ITEM 12

Territory

The franchise is granted only for the location specified in the Franchise Agreement as approved by us (the "Franchised Location"). The Franchised Location of your Restaurant is subject to our approval. We will not unreasonably withhold our approval.

You will not receive an exclusive territory. You may face competition from other franchisees, from restaurants that we or our affiliates own, or from other channels of distribution or competitive brands that we or our affiliates control. You will not receive an option, right of first refusal or other rights under the Franchise Agreement to acquire additional franchises. Village Inn (and/or our affiliates) may establish other franchised or company-owned *Village Inn* restaurants that may compete with your location, including across the street from your location or in the same venue as your location. We (and/or our affiliates) may co-brand *Village Inn* with one or more of our other

quick service restaurants or allow approved *Village Inn* restaurants to sell additional approved menu items under a trademark license agreement we may have with other third-party restaurant concepts. We presently intend to develop *Village Inn* restaurants throughout the United States and internationally. Except as expressly limited in the Franchise Agreement, we (for ourselves, our affiliates and our designees) retain all rights with respect to *Village Inn* restaurants, the marks, all confidential and proprietary information, all copyrighted materials and the sale of *Village Inn* products anywhere in the world, including, without limitation, the right to implement multi-area marketing programs that may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs. One or more future *Village Inn* restaurants may have an adverse effect on the revenues and profitability of existing *Village Inn* restaurants, including your Restaurant.

Except as stated above, Village Inn may engage in any business activity or own, operate, develop, franchise, or license other franchises or company-operated outlets selling similar products or services (full-service restaurants) under different trade names or service marks even if such restaurants offer products similar to those which are or may be offered at Village Inn Restaurants. Village Inn has created, and may continue to create, food and merchandise bearing the trademarks and service marks licensed to Franchisee under the Franchise Agreement. Franchisee may sell such food and merchandise only from the Restaurant, only at retail, and only in the manner specified by, and with the prior written consent of, Village Inn. Village Inn reserves to itself the right to sell such food and merchandise through other channels of distribution, such as at retail, on the Internet, and at wholesale to retail outlets (such as grocery stores, discount retailers, convenience stores, and the like), whether such outlets are within the territory, if applicable, or elsewhere. Village Inn also may license others to prepare and sell such products at retail or wholesale. Franchisor also reserves the right to distribute its products to other restaurants within or outside of the territory, if applicable, for sale at retail by such restaurants.

You are not restricted from soliciting or accepting orders outside your territory, if applicable, but you may not sell any of the products or services offered in connection with your Restaurant on a wholesale basis, at any location other than your Restaurant, or through the Internet, catalog, mail order and telemarketing, or any other method of sales or distribution. The continuation of a Franchisee's territory, if applicable, is not dependent upon the achievement of a certain sales volume, market penetration, or other contingency. However, if a Franchisee wishes to relocate the restaurant, Village Inn's prior approval is required. In conducting our evaluation of a proposed site for relocation, we may consider a variety of factors including demographics, traffic counts, ingress-egress, visibility, residential density, parking, and governmental regulations concerning setbacks, sign codes, and the terms of the purchase agreement or lease.

We reserve the right, either directly or through affiliated entities, to operate or license others to operate businesses other than *Village Inn* restaurants anywhere, including, but not limited to, locations of our other restaurant concepts, and you agree that we or our affiliates may do so anywhere.

As described in Item 1, we and our parent BBQ own and operate and franchise, and our affiliates own and operate and franchise, various restaurant concepts in the United States, including Baker's Square and Famous Dave's. As noted in Item 1 some of them share our corporate address and certain personnel, and several of these restaurant concepts promote and offer pies as part of

their primary dessert menu through similar means. We, our parent BBQ and our affiliates may in the future acquire and then operate and/or franchise other restaurant concepts. You have no options, rights of first refusal, or similar rights to acquire additional franchises in these existing restaurant concepts or any other concepts we, our parent BBQ or our affiliates may operate or franchise under your Franchise Agreement, and we, BBQ, our affiliates and any franchisees of these other concepts may solicit and accept orders for their products and services within your territory, if applicable.

Franchisor and its affiliates have the absolute right to develop other restaurant business concepts under other brand names even if the locations for the concept are located close to your Restaurant.

ITEM 13 Trademarks

You receive the right to operate a Village Inn Restaurant under the name “Village Inn” and under any other trade names, trademarks, service marks and logos currently used or that may in the future be used in the operation of Village Inn Restaurants. We may change or modify the marks and you must adopt, use and display the new or modified trade names, service marks, trademarks and copyrighted materials at your expense. We hold registrations for the following principal trademarks on the U.S. Patent and Trademark Office Principal (“USPTO”) Register following assignment from ABRH:

Mark	Registration Number (Application Number)	Registration Date (Application Date)
	5,932,058	December 10, 2019
	5,932,057	December 10, 2019
VILLAGE INN	1,070,440	July 26, 1977
VILLAGE INN PANCAKE HOUSE	1,118,489	May 15, 1979

Mark	Registration Number (Application Number)	Registration Date (Application Date)
	1,118,490	May 15, 1979
THE BREAKFAST EXPERTS	1,682,297	April 7, 1992
	4,202,421	September 4, 2012
INN-CREDIBLE V.I.B.	3,963,070	May 17, 2011
ALL-WORLD DOUBLE CHEESEBURGER	1,883,771	March 14, 1995
BREAKFAST YOUR WAY. ALL DAY.	4,941,335	April 19, 2016

In addition to the above-referenced marks, Village Inn makes use of other trademarks, service marks, tag lines, and slogans, from time to time, in which it claims intellectual property ownership. We or our predecessor ABRH have filed all required affidavits with regard to the marks. There are currently no effective material determinations of the Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of any state, or any court involving the principal trade or service marks. There are no pending infringement actions, oppositions, or cancellations or pending material litigation involving the principal trade or service marks. Additionally, Village Inn is not aware of any infringing uses of the service marks which could materially affect your use of them.

There are no agreements currently in effect that significantly limit the rights of Village Inn to use or license the use of its trademarks, service marks, trade names, logotypes, or other commercial symbols in any manner material to you. Accordingly, Village Inn grants you a non-exclusive right to use the above marks in connection with and at the franchised restaurant location during the term of the Franchise Agreement. However, even during such term, marks other than the Village Inn trade or service marks identified above must require prior written approval of Village Inn before they can be used. The determination as to whether such marks are necessary or required for your franchise restaurant will be at Village Inn's sole discretion.

You acknowledge in the Franchise Agreement that the registered service marks and trade names, the words, "Village Inn", and any artwork, stylized lettering, logo, or design associated with any of the marks are the property of Village Inn and have valuable goodwill attached to them.

In using the service marks and trade names, you must identify that you are using them under license from Village Inn and that you are completely separate from Village Inn. You may not use any of the marks or the words, "Village Inn", in the name of your business entity or allow their use by another. You may not sell or provide any products or services under any of the trade or service marks and trade names except in accordance with the system for Village Inn Restaurants offered by Village Inn.

You must notify us immediately if you suspect any unauthorized use or claim relating to the use of any registered marks owned by Village Inn. Village Inn is not obligated to protect your rights to use the marks or to protect you against claims of infringement or unfair competition. However, Village Inn has, in the past, taken all legal action it has considered necessary to protect its marks. Further, pursuant to the Franchise Agreement, you agree to cooperate with Village Inn, as reasonably requested and at Village Inn's expense, in the litigation or defense of any infringement, suit, or claim, and you shall not enter into any negotiation or settlement of any such claim or suit without the prior written consent of Village Inn regarding the trademarks.

You must modify or discontinue, at your cost and expense, the use of a mark if Village Inn modifies or discontinues it, provided, however that if it would cost more than \$10,000, you must make any such change only if you agree to do so in writing. Additionally, as a condition to the licensing of such marks, you agree not to directly or indirectly contest Village Inn's right to its service marks, trademarks, trade secrets, or business techniques that are a part of Village Inn's business.

ITEM 14

Patents, Copyrights, and Proprietary Information

Village Inn possesses certain copyrights and has registered some of them with the United States Copyright Office. Village Inn's copyrights include the Village Inn operations manual, marketing manual, training materials, and other materials of similar nature, none of which has been federally registered. You acknowledge in the Franchise Agreement that these, as well as all other aspects of the Village Inn System, are proprietary. You also agree not to divulge such information and to use your best efforts to prevent them from being disclosed by your employees and agents.

Any unauthorized use of the proprietary information should promptly be reported to Village Inn. However, Village Inn is not required to take action or participate in any litigation with respect to unauthorized use of its copyrighted materials but will respond to unauthorized uses as it deems appropriate. The Franchise Agreement does not grant you the right to control any copyright-related litigation or grant you rights if Village Inn modifies or discontinues using any copyrighted material. Village Inn has no knowledge of any copyright infringement.

Village Inn claims proprietary rights in many aspects of its franchise system including: (i) method and procedures relating to the development and operation of Village Inn Restaurants, (ii) management and personnel training, (iii) product development and testing, (iv) food, menu specifications, and recipes, (v) site selection, (vi) restaurant construction and equipment, (vii) marketing and promotion, (viii) back office accounting systems, (ix) purchasing arrangements and vendor lists, and (x) administrative support. You are permitted to use such proprietary information in the operation of your Village Inn franchise strictly in accordance with the Franchise Agreement and the Village Inn system.

No patents are material to the franchise. We do not have any pending patent applications.

ITEM 15

Obligation to Participate in the Actual Operation of the Franchise Business

Additionally, during the entire term of the franchise, you must designate a Director of Operations who (i) is approved by Village Inn; (ii) successfully completes the required training program; and (iii) is primarily responsible for the operations of your Village Inn Restaurant. You may be the Director of Operations if you satisfy the requirements.

In addition, during the entire term of the Franchise Agreement, you must employ, in addition to the Director of Operations, on a full-time basis, not less than two managers. Village Inn must approve them, and they must pass Village Inn's manager training program.

One of the three above individuals must be designated as the General Manager and be responsible for the direct on-premises day-to-day supervision of your restaurant. One of the other two individuals shall be responsible for the direct on-premises supervision of the restaurant in the General Manager's absence. The Director of Operations may be the General Manager. However, he or she cannot serve as a General Manager for more than one franchise restaurant. Neither the General Manager nor the Director of Operations is required to hold any equity interest in the Franchisee.

If any of the above individuals terminates his or her employment with you or the person's responsibilities change from restaurant operations, you agree to (i) immediately notify Village Inn of the change; (ii) reassign personnel or responsibilities so that there will always be direct on-premises supervision of the restaurant by at least two Village Inn-approved and trained managers; and (iii) within 60 days, either replace such individual(s) with another person(s) Village Inn has approved and who has successfully completed the required training or reinstate the previous individual(s) to their previous operational responsibility.

If the Franchisee is a legal entity, each individual or entity owner must sign a personal guarantee of all of the obligations of the Franchisee. If you are an individual and married, your spouse must also execute and deliver to us a personal guarantee at the same time that you sign the Franchise Agreement unless your spouse is also signing the agreement as an individual. Additionally, Village Inn may require you to have designated employees execute confidentiality agreements with respect to Village Inn's confidential information. You and all directors, officers, managers, partners, shareholders, members, or other ownership interest in 25% or greater in the franchise are bound by the non-competition provisions of the Franchise Agreement as described in Item 17 below.

If you are an individual and married, your spouse must: sign the Personal Guaranty of Franchise Agreement in which your spouse agrees to perform, and guarantees, all of the franchisee's obligations to us and our affiliates contained in the Franchise Agreement (See Exhibit A of the Franchise Agreement: Ownership of Franchisee and Personal Guaranty); if applicable; sign the Guaranty of Sublease in which your spouse agrees to perform, and guarantees, all of the sublessee's obligations to us and our affiliates contained in the Sublease (see Exhibit D to Sublease); and, if you purchase a corporate restaurant, sign the Guaranty of Promissory Note and Security Agreement and Guaranty of Sublease in which your spouse agrees to perform, and

guarantees, all of the franchisee's obligations to us and our affiliates contained in the Promissory Note and Security Agreement, and all of the sublessee's obligations to us and our affiliates contained in the Sublease (see Exhibit A-2: Guaranty of Promissory Note and Security Agreement and Exhibit A-3: Guaranty of Sublease). Each person, corporation, partnership, limited liability company or other entity that owns, directly or indirectly, an equity interest in the franchised entity ("Principal"), and each executive officer must sign the Personal Guaranty to the Franchise Agreement in which the Principal agrees to be bound by the restrictive covenants, the confidentiality provisions and certain other provisions contained in the Franchise Agreement. Each Principal's spouse (if married) must also: sign the Personal Guaranty of Franchise Agreement in which the Principal (and his/her spouse, if married) agree to perform, and guarantee, all of the franchisee's obligations to us and our affiliates contained in the Franchise Agreement; if applicable, sign the Guaranty of Sublease in which the Principal (and his/her spouse, if married) agree to perform, and guarantee, all of the sublessee's obligations to us and our affiliates contained in the Sublease; and if purchasing a corporate restaurant, sign the Guaranty of Promissory Note and Security Agreement and Guaranty of Sublease in which each Principal (and his or her spouse, if married) agrees to perform, and guarantees, all of the franchisee's obligations to us and our affiliates contained in the Promissory Note and Security Agreement and all of the sublessee's obligations to us and our affiliates contained in the Sublease. In the event that any person who has not signed an appropriate guaranty becomes your spouse or the holder of any class or your stock or ownership interests or a spouse of such holder, at any time after the execution of the respective agreement as referenced above, you must cause such person(s) to immediately execute and deliver the required guaranty to us.

ITEM 16

Restrictions on What the Franchisee May Sell

You must offer for sale only approved products and menus, which, except as to prices, will generally be uniform with those of other Village Inn Restaurants. You must prepare and serve in accordance with our specifications all of the items on the approved menu. However, we may modify any of our menu specifications, standards, and requirements at any time. If we do, you must promptly modify your operations to comply with the changes, but we normally will provide you a reasonable period of time to exhaust current supplies of products.

Additionally, Village Inn has the right to restrict the sale of any item and to require you to add new items as it develops and adds them to the Village Inn menu. Our right to modify or add to what you must offer is not limited. Also, Village Inn retains the right to prohibit you from offering or selling any product or service not authorized by Village Inn. There are no restrictions or conditions imposed by Village Inn regarding the customers to whom you may sell approved products or services.

ITEM 17
Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	Section 3.1	Term will begin on the effective date of the Franchise Agreement and shall expire on the earlier of: (a) 10 years from the date of opening of your Village Inn Restaurant; or (b) the expiration of the term of your lease or sublease, as applicable (excluding any option/extension periods thereto of such lease or sublease), subject to Village Inn approval.
b. Renewal or extension of the term	Section 3.2	If you comply with our requirements, you shall have the option to extend the term of the franchise for 5 years, 10 years, or a term mutually agreed upon based on your existing lease
c. Requirements for you to renew or extend	Section 3.2	Provide at least 210 days prior notice; evidence of right to possess the location; not be in default of the franchise agreement and have not received a notice of default from Village Inn within the three-year period prior to giving the notice to renew; sign a new franchise agreement then being offered to prospective franchisees, which may contain materially different terms and conditions than your original franchise agreement; pay a renewal/extension fee of fifty percent (50%) of the then-current initial franchise fee not including any discounts or reductions; satisfy the eligibility requirements for new franchises; upgrade or remodel your restaurant; and sign a general release of all claims against Village Inn and its affiliates
d. Termination by you	Not Applicable	Franchisees may terminate the Franchise Agreement as permitted by law.
e. Termination by Village Inn without cause	Not Applicable	
f. Termination by Village Inn with cause	Article 21	Village Inn can terminate if you default

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined - defaults which can be cured	Sections 21.3 and 21.4	You have seven days to cure non-payment of fees; you have 15 days to cure violations of any other terms or conditions, e.g., sanitation problems, non-submission of reports, and any other non-monetary default, or at least commence them if cure cannot be reasonably remedied within 15 days
h. “Cause” defined - defaults which cannot be cured	Sections 21.1 and 21.2	Non-curable defaults: bankruptcy filing or adjudication, assignment for the benefit of creditors, appointment of receiver, unauthorized transfer, foreclosure, or loss of occupancy of premises; conviction of felony; three defaults in 12-month period (even if cured); prior to opening -- furnishing misinformation, material failure to comply with pre-opening requirements
i. Your obligations on termination/ non-renewal	Article 24	Cease using any Village Inn marks; deliver to Village Inn all menus, materials, manuals and other trade secrets acquired in connection with the relationship; execute all documents required by Village Inn to effect the termination of the franchise; and cancel any fictitious name registrations (also see r. below)
j. Assignment of contract by Village Inn	Section 18.1	The Agreement is fully transferable by Village Inn
k. “Transfer” by you – definition	Sections 18.2 and 18.3	Includes any transfer, assignment, sale, pledge, encumbrance, or other transfer of rights under the Franchise Agreement, including a change of control of franchisee
l. Village Inn’s approval of transfer by franchisee	Section 18.2	Village Inn has the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for Village Inn approval of transfer	Section 18.2	You have paid all obligations due, new franchisee qualifies pursuant to Franchisor’s criteria, transfer fee paid, training arranged, release signed by you, current agreement signed by new franchisee or assignment of Franchise Agreement for remainder of term, and location upgraded (also see r. below)
n. Village Inn’s right of first refusal to acquire your business	Article 19	Village Inn can match any offer for the franchisee’s business in the event of a proposed sale or transfer of the Franchise Agreement or your restaurant, including any transfer resulting in a change of control of franchisee

Provision	Section in Franchise Agreement	Summary
o. Village Inn's option to purchase your business	Section 18.4	See p. below
p. Your death or disability	Section 18.4	A legatee may assume the franchise under certain conditions subject to Village Inn's approval and pursuant to an assignment agreement and guaranty in a form prepared by Franchisor. If an approved legatee does not assume or is not capable of assuming the franchise, the franchise must be assigned by the estate to an approved buyer within twelve months of notice from Village Inn or Village Inn may thereafter purchase your restaurant at fair market value.
q. Non-competition covenants during the term of the franchise	Article 17	Subject to applicable state law, no involvement in competing business anywhere in the U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	Subject to applicable state law, no competing business for 1 year within a given geographical area
s. Modification of the agreement	Section 29.2	No modifications except by agreement of both parties in writing, except that nothing in the Disclosure Document is excluded from that on which you may rely.
t. Integration/merger clause	Section 29.3	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution and arbitration	Articles 22 and 25 and Sections 18.4, 29.4, 29.5, 29.6, 29.7, and 29.8	Subject to applicable state law, binding arbitration of any claim or controversy concerning the Franchise Agreement in accordance with the commercial rules of the American Arbitration Association, excluding lease disputes, trade or service marks, or copyright claims
v. Choice of forum	Section 25.1(g)	Subject to applicable state law, arbitration must be in Minneapolis, Minnesota
w. Choice of law	Section 29.6	Subject to applicable state law, the law of the state where the Restaurant is located applies

Sublease

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

Provision	Section in Sublease	Summary
1. Term of the Sublease	2.1	Ends one day before expiration of Master Lease, including any renewals of Master Lease.
2. Renewal or extension of the term	2.2 and 2.3	If the Master Lease contains a renewal option, you must notify us to exercise it.
3. Requirements for you to renew or extend	2.2 and 2.3	You must be in good standing and you must notify us of your intent to renew at least 60 (but not more than 90) days before we are required to notify the Master Landlord of intent to renew.
4. Termination by you	Not Applicable	You have no right to terminate the Sublease.
5. Termination by us without cause	Not Applicable	There is no right to terminate the Sublease without cause.
6. Termination by us with cause	15	Our Leasing Affiliate may terminate the Sublease for cause. Our Leasing Affiliate can terminate only if you default under the Master Lease, Sublease or the Franchise Agreement.
7. "Cause" defined – curable defaults	15.1	Our Leasing Affiliate can terminate if you default in the: (i) payment of any sums you owe; (ii) performance of any of the terms, covenants, or conditions of the Master Lease or Sublease; or (iii) default under the Franchise Agreement or any other agreement between you or your affiliates and us or our affiliates.
8. "Cause" defined – defaults that cannot be cured	15.1	Bankruptcy of, or general assignment for the benefit of creditors by, franchisee; defaults under the Master Lease that are not curable
9. Your obligations on termination/ nonrenewal	15	Our Leasing Affiliate may enter and take possession of the premises and all of the furniture, fixtures, equipment, signage, inventory and other items covered by our lien under Section 4.2 of the Sublease; you are not relieved of further obligations under the Sublease.
10. Assignment of agreement by us	22	Our Leasing Affiliate has the right to assign under the Master Lease.
11. "Transfer" by you – defined	9 and 22	Approval of Leasing Affiliate is required.
12. Our approval of transfer by you	9	Approval of Leasing Affiliate, at its sole discretion, and approval of landlord may be required.
13. Conditions for our approval of transfer	9	Our Leasing Affiliate must consent.
14. Our right of first refusal to acquire your business	Not Applicable	None. Our Leasing Affiliate already holds the Master Lease.
15. Our option to purchase your business	Not Applicable	None. Our Leasing Affiliate already holds the Master Lease.
16. Your death or disability	Not Applicable	None

Provision	Section in Sublease	Summary
17. Non-competition covenants during the term of the franchise	Not Applicable	None
18. Non-competition covenants after the franchise is terminated or expires	Not Applicable	None
19. Modification of the agreement	Not Applicable	None
20. Integration/merger clause	24	The Sublease, including any exhibits, contains the entire agreement of the parties.
21. Dispute resolution by arbitration or mediation	Not Applicable	None
22. Choice of forum	Not Applicable	None
23. Choice of law	20	The laws of the state where the Premises are located applies.

ITEM 18

Public Figures

Village Inn does not use any public figure to promote its franchise.

ITEM 19

Financial Performance Representations

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

Unless otherwise indicated, the financial information in this Item was compiled from 24 company-owned and 84 franchised Village Inn Restaurants open for the entire fiscal year in the United States, and exclude any cobranded locations where sales are not separately reported under the Village Inn brand.

The company-owned Village Inn Restaurants included in this Item are substantially similar to franchised Village Inn Restaurants. However, the revenues, expenses and profitability of your Restaurant will be directly affected by factors which include the Restaurant's geographic location; competition in the market; presence of other restaurants; the quality of both management and service at the Restaurant; contractual relationships with lessors and vendors; the extent to which you finance the operation of your Restaurant; your legal, accounting and other professional fees; federal, state and local income taxes, gross profits taxes or other taxes; discretionary expenditures;

accounting methods used; certain benefits and economies of scale which Franchisor may derive as a result of operating restaurants on a consolidated basis; and the fees payable to Franchisor by franchised Village Inn Restaurants. See Items 5 and 6 for information on the fees you must pay under the Franchise Agreement.

**Net Revenues⁽¹⁾ for Systemwide Restaurants
for the 2025 Fiscal Year Ended November 30, 2025**

Company-Owned and Franchised Restaurants	Total/Average
System-wide Restaurant Average Net Revenues	\$1,909,505
System-wide Restaurant Median Net Revenues	\$1,899,556
System-wide Number of Restaurants	108
Number Above/Below Average Net Revenues	53 / 55
Number Above/Below Median Net Revenues	54 / 54
Low/High Net Revenues	\$658,011 / \$3,484,052

**Net Revenues⁽¹⁾ for Franchised Restaurants
During the 2025 Fiscal Year Ended November 30, 2025**

Franchised Restaurants	Total/Average
Total Number of Franchised Restaurants	84
Average Annual Franchised Restaurant Net Revenues	\$1,978,393
Median Annual Franchised Restaurant Net Revenues	\$1,947,219

Number Above/Below the Average Annual Franchised Restaurant Net Revenues	37 / 47
Number Above/Below the Average Median Franchised Restaurant Net Revenues	42 / 42
Low/High Annual Franchised Restaurant Net Revenues	\$658,011 / \$3,484,052

**Net Revenues⁽¹⁾ for Company-Owned Restaurants
for the 2025 Fiscal Year Ended November 30, 2025**

Company-Owned Restaurants	Total/Average
Total Number of Company-Owned	24
Average Restaurant Net Revenues	\$1,668,396
Median Net Revenues	\$1,718,888
Number Above/Below the Average	13 / 11
Number Above/Below the Average Median	12 / 12
Low/High Annual Franchised Restaurant Net Revenues	\$842,892 / \$2,441,512

Notes:

Percentages other than number of restaurants are as a percentage of restaurant revenues, net.

⁽¹⁾ Includes food, beverages, and merchandise sales, net of discounts for franchised Restaurants open all of fiscal year 2025.

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

The revenue figures contained in this Item do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised Village Inn Restaurant. The franchisees listed in Exhibit E-1 of this Disclosure Document may be one source of this information.

For each franchisee-owned restaurant, we compiled the figures for these financial performance representations using historical information that franchisees report to us. Please be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form. For each company-owned Restaurant, these figures utilized a uniform accounting system and the data was prepared on a basis consistent with generally accepted accounting principles during the covered period. The information contained in this Item has not been audited.

This information is provided as reference information only for your use with other information. Franchisor urges you to consult with your financial, business, tax, accounting and legal advisors about the information contained in this Item.

Franchisor will provide written substantiation of the data used to prepare the information contained in this Item upon your reasonable request.

Other than set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-operated 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 outcome, you should report it to the franchisor's management by contacting the Legal Department at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; telephone number 952-294-1300; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20 Outlets and Franchisee Information

The information set forth below regarding the number of restaurants, and the portion of which are company-operated or franchisee-operated, is current as of November 30, 2025. See the Notes to the Tables for important updates related to the sale of company-operated locations during 2025.

**Table No. 1
Systemwide Restaurant Summary
For Years 2023 - 2025**

RESTAURANT TYPE	YEAR	RESTAURANT S AT THE START OF THE YEAR	RESTAURANT S AT THE END OF THE YEAR	NET CHANGE
Franchised				
	2023	99	92	-7
	2024	92	90	-2
	2025	90	84	-6
Company - Operated*				

	2023	24	23	-1
	2024	23	25	2
	2025	25	25	0
Total Outlets				
	2023	123	115	-8
	2024	115	115	0
	2025	115	109	-6

*As described in Item 1 above, Village Inn and its affiliates operate multiple company-operated and franchise restaurant concepts. Each of the other restaurants described in Item 1 focuses primarily on lunch and dinner, and none of those restaurants is a substantially similar concept to that of Village Inn Restaurants. Accordingly, none of the other restaurants described in Item 1 are included in the charts in this Item 20.

Table No. 2
Transfers of Restaurants from Franchisees to New Owners (other than Us)
For Years 2023 - 2025

STATE	YEAR	NUMBER OF TRANSFERS
CO		
	2023	0
	2024	1
	2025	0
FL		
	2023	0
	2024	0
	2025	1
MN		
	2023	0
	2024	0
	2025	2
WY		
	2023	0
	2024	1
	2025	0
Totals		
	2023	0
	2024	2
	2025	3

Table No. 3
Status of Franchised Restaurants
For Years 2023 - 2025

STATE	YEAR	RESTAURANTS AT START OF YEAR	RESTAURANTS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	RESTAURANTS AT END OF THE YEAR
Alaska								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Arizona								
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	1	7
	2025	7	0	0	1	0	1	5
Arkansas								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Colorado								
	2023	17	0	0	0	0	2	15
	2024	15	0	0	1	0	0	14
	2025	14	0	0	0	0	0	14
Florida								
	2023	18	1	0	0	0	1	18
	2024	18	2	0	0	0	1	19
	2025	19	0	0	0	0	1	18
Illinois								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

	2025	2	0	0	0	0	0	2
Iowa*								
	2023	8	0	0	0	0	2	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	1	0	0	5
Kansas*								
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Minnesota								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Missouri								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Nebraska								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	1	3
New Mexico								
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Oklahoma								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas								
	2023	7	0	0	0	0	1	6

	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Utah								
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	1	4
	2025	4	0	0	0	0	0	4
Virginia								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Washington								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Wyoming								
	2023	4	0	0	0	0	2	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	1	1
Totals								
	2023	99	1	0	0	0	8	92
	2024	92	2	0	1	0	3	90
	2025	90	0	0	2	0	4	84

*As part of its bankruptcy proceeding, our predecessor ABRH marketed certain company-affiliated Village Inn Restaurants for sale through a bankruptcy-related sale process. As a result of that process, ABRH sold three company-operated Village Inn Restaurants in New Mexico to a new franchisee in April 2020, three company-operated Village Inn Restaurants in Florida to an existing franchisee in June 2020 and thirty-one company-operated Village Inn Restaurants in Arizona, Colorado, Illinois, Iowa, Nebraska, New Mexico, Oklahoma and Utah to an existing franchisee in July 2020.

Table No. 4
Status of Company-Operated Restaurants
For Years 2023 – 2025

STATE	YEAR	RESTAURANTS AT START OF YEAR	RESTAURANTS OPENED	RESTAURANTS REACQUIRED FROM FRANCHISEE	RESTAURANTS CLOSED	RESTAURANTS SOLD TO FRANCHISEE	RESTAURANTS AT END OF THE YEAR
Arizona							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Colorado							
	2023	7	0	0	1	0	6
	2024	6	0	0	0	0	6
	2025	6	0	0	0	0	6
Illinois							
	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2
	2025	2	0	0	0	0	2
Iowa							
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
	2025	5	0	0	0	0	5
Minnesota							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Nebraska							
	2023	7	0	0	0	0	7
	2024	7	0	0	0	0	7
	2025	7	0	0	0	0	7
Ohio							
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
Virginia							
	2023	2	0	0	0	0	2

	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Texas							
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals							
	2023	24	0	0	1	0	23
	2024	23	2	0	0	0	25
	2025	25	0	0	0	0	25

Table No. 5
Projected Openings
As of November 30, 2025

State	Franchise Agreements Signed But Restaurant Not Operational	Projected New Franchised Restaurants In The Next Fiscal Year	Projected New Company Restaurants in the Next Fiscal Year
All States	0	0	0
Totals	0	0	0

Current Franchisees

The names, addresses, and telephone numbers of all current franchisees and their Village Inn Restaurants operating as of November 30, 2025, are as set forth on Exhibit C.

Former Franchisees

The names, addresses, email addresses (if any), current telephone numbers or, if unknown, the last known home telephone number of every franchisee who had a Village Inn Restaurant terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the 2025 fiscal year, or who have not communicated with us within 10 weeks of this disclosure document's issuance date, are as set forth on Exhibit C.

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

Purchase of Previously-Owned Franchise

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last three fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

Franchisee Associations

The following independent franchisee organization has asked to be included in this FDD:

Association of Village Inn Franchisees
A Chapter of the American Association of Franchisees & Dealers
P.O. Box 10158
Palm Desert, CA 92255-1058
Telephone: 619-209-3775
Email: avif@aafdchapters.org
Website: avif.aafdchapters.org

ITEM 21 **Financial Statements**

Attached to this Disclosure Document as Exhibit D-1 are the audited consolidated financial statements of Franchisor's parent company, MTY Franchising USA, Inc. ("Guarantor") for the fiscal years ended November 30, 2025, and 2024, and for the fiscal years ended on November 30, 2024, and 2023.

Guarantor absolutely and unconditionally guarantees to assume the duties and obligations of Franchisor under its franchise registration in each state where the franchise is registered, and under the Franchise Agreement, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. (See Exhibit D-2: Performance Guaranty).

ITEM 22 **Contracts**

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit A-1 Franchise Agreement

Exhibit A-2 Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note and Security Agreement and Guaranty (if applicable)

Exhibit A-3 Sublease

ITEM 23

Receipts

You must sign two copies of the Receipt attached to this Disclosure Document. After signing, you keep one copy and provide the other to us.

Exhibit A
Franchise Agreement

VILLAGE INN
FRANCHISE AGREEMENT

This Agreement (“Agreement”) is entered into as of _____ (“Effective Date”), by and between VI BrandCo, LLC, a Delaware limited liability company (“Franchisor”), with a principal place of business at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, and _____, a _____ (“Franchisee”), located at _____.

RECITALS

I. Franchisor is the owner and developer of a System (more completely described in Section 1.3, below) for establishing and operating full-service mid-scale family restaurants under the service mark, “Village Inn Restaurant”, and other trademarks, service marks, logos, and identifying features and distinctive methods for establishing and operating those restaurants.

II. Franchisor grants to others non-exclusive licenses to use the System solely in conjunction with the operation of Village Inn Restaurants.

III. Franchisor desires to grant Franchisee a non-exclusive license to use the System solely in conjunction with the operation of a Village Inn Restaurant (as more completely defined below, the “Restaurant”) at the Licensed Location under the terms and conditions contained in this Agreement, and Franchisee desires to accept such license and to operate a Village Inn at the Licensed Location in accordance with the terms and conditions contained in this Agreement.

WHEREFORE, the parties agree as follows:

DEFINITIONS

Unless the context clearly indicates otherwise, capitalized terms used in this Agreement shall have the meanings given to them below.

A. “Fiscal Year” means the twelve month period immediately prior to November 30th, or such other period as Franchisor may establish by written notice to Franchisee.

B. “Franchise Advisory Board” or “FAB” means the Association of Village Inn Franchisees (“AVIF”), so long as such organization represents franchisees owning at least 50% of all franchised Village Inn restaurants and in the event the AVIF fails to represent a sufficient number of restaurants, any successor independent franchisee association meeting such requirement. In the event no such entity exists, the FAB shall be made up of 5 franchisees appointed by the Franchisor.

C. “Franchisor Indemnitees” means Franchisor and its direct or indirect parents, subsidiaries, and affiliates and their respective officers, directors, managers, shareholders, members, and employees.

D. “Gross Sales” has the meaning given to it in Section 5.2, below.

E. “Licensed Location” means _____.

F. “Losses and Expenses” include, but are not limited to, all losses; compensatory, consequential, and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys’ fees, costs, and expenses; expert witness fees, costs, and expenses; court costs; settlement amounts; judgments; expenses of recall; refunds; and compensation (including any interest accrued on any of the foregoing).

G. “Marks” has the meaning set forth in Section 15.1, below.

H. “Operating Manuals” means those volumes designated “Operating Manuals” by Franchisor which are loaned by Franchisor to Franchisee including all editions, supplements, and modifications to such volumes during the term of this Agreement.

I. “Proceeding” means any action, suit, proceeding, claim, demand, investigation, formal or informal inquiry, judgment, or appeal.

J. “Restaurant” or “Franchised Business” means the Village Inn Restaurant operated by Franchisee pursuant to this Agreement.

K. “Standards and Policies” means all requirements of the System promulgated by Franchisor as they may change from time to time as set forth in the Operating Manuals, memoranda, and other written directives from Franchisor, including, without limitation, requirements and procedures related to appearance of the Restaurant, menus and recipes, and operating requirements.

L. “System” has the definition given to it in Section 1.3, below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. THE SYSTEM

1.1. Franchisee acknowledges that Franchisor owns and is continually developing and modifying a system for the operation of restaurants under the service mark, “Village Inn Restaurant” (the “System”). By entering into this Agreement, Franchisee acknowledges that it is undertaking the continuing obligation to utilize the entire System in the operation of its Restaurant, including, but not limited to, Franchisor’s Operating Manuals and Standards and Policies, as the System presently exists and evolves.

1.2. The provisions of this Agreement shall be interpreted to give effect to Franchisee’s acknowledgment that the Licensed Location shall always be operated by Franchisee in conformity to the System, through strict adherence to Franchisor’s Standards and Policies as they exist now and as they may from time to time be modified.

1.3. The System is a comprehensive uniform restaurant system which includes but is not limited to such factors as reputation for high-quality food and service; distinctive appearance; distinctive interior decor and atmosphere; equipment design and layout; food product, menu, beverage, and recipe specifications; the federally registered service mark, “Village Inn”; other service marks; domain names; distinctive signs; distinctive menu design, format, and content; distinctive dress codes; advertising and marketing plans and materials; emblems; logos and logotypes; trade secrets; training materials; Operating Manuals; Standards and Policies; and other common factors. Franchisee acknowledges that adherence to the System creates significant value for Franchisor, Franchisor’s franchisees, and Franchisee such that deviations from the System by Franchisee would cause significant damage to Franchisor and its other franchisees.

1.4. Franchisee agrees to strictly adhere to and not use any part of the System other than in accordance with this Agreement.

1.5. Franchisee acknowledges that aspects of the System, individually and collectively, constitute trade secrets of Franchisor and will always remain the sole and exclusive property of Franchisor, and that they are and will be revealed to Franchisee only in confidence. Franchisee agrees never to divulge such trade secrets and the System, and agrees to use its best efforts to prevent them from being divulged by its employees, shareholders, or agents.

1.6. Franchisee acknowledges that the words, “Village Inn,” together with design and artwork used in connection with those words, are the valid and exclusive property of Franchisor and that valuable goodwill is attached to the name, “Village Inn.” Franchisee agrees that it will use the words, “Village Inn,” only pursuant to this Agreement. However, Franchisee also acknowledges that Franchisor may license others to use this name.

2. GRANT AND LOCATION

2.1. Franchisor grants to Franchisee the right and Franchisee undertakes the obligation to operate a Village Inn Restaurant at the Licensed Location. The right that is granted to Franchisee under this Agreement is for the specific Licensed Location, except as hereinafter provided, and cannot be transferred from such location without Franchisor’s prior written approval. Notwithstanding the foregoing, you acknowledge that the *Village Inn* franchise granted under this Agreement is non-exclusive, that we are not granting you any territorial protection or any other exclusive rights, and that we, directly or through one (1) or more affiliates, reserve the right in our sole discretion, and without compensating you or seeking your prior approval: (i) to establish, and grant to other franchisees or licensees the right to establish, a *Village Inn* restaurant or any other business using the Proprietary Marks, the *Village Inn* System or any variation thereof, in any location other than the approved Location (including locations in the immediate vicinity of your Location including across the street or in certain circumstances within the same venue), on any terms and conditions that we deem appropriate; (ii) to establish, and grant to other franchisees or licensees the right to establish, any restaurant concept other than *Village Inn* in any location on any terms and conditions that we deem appropriate (including locations in the immediate vicinity of the Location); (iii) to sell products identified by the Proprietary Marks or other trademarks, service marks or commercial symbols in any location through any distribution channels, including grocery stores, convenience stores, supermarkets, club stores, vending machines, delivery services

and restaurants other than *Village Inn* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

2.2. Franchisee shall open the Franchised Business at the Licensed Location no later than eighteen (18) months from the Effective Date, unless Franchisee has obtained a written extension of this time period from Franchisor.

2.3. Franchisor will not license, franchise, or itself operate another Village Inn Restaurant within the territory, if applicable in our sole discretion. Additionally, Franchisor will not own or operate a directly competitive restaurant (as defined in Section 17.1, below) in the territory, if applicable, without the express consent of Franchisee, except as referenced in Section 2.4 below or if such restaurant is acquired by Franchisor in conjunction with the purchase of multiple restaurants at least one of which is located outside the territory, if applicable, and Franchisee declines to purchase such restaurant(s) in the territory, if applicable, from Franchisor within sixty (60) days after notice is provided to Franchisee. Further, the Franchisor shall not offer whole pies branded as “Village Inn” at any restaurant owned, franchised, or acquired by Franchisor or its affiliates or subsidiaries (except at Village Inn branded restaurants operated in conformance with this provision) within the territory, if applicable.

2.4. Except as specifically provided in Section 2.3, Franchisor may engage in any business activity, under any name, at any location. Among other things, Franchisor expressly reserves the exclusive and unrestricted right to own, operate, develop, or franchise Village Inn Restaurants anywhere outside the territory, if applicable. Further, Franchisee acknowledges and agrees that Franchisor or Franchisor’s direct or indirect parent, subsidiaries, or affiliated entities may now or hereafter own, operate, develop, franchise, or license other restaurants under different trademarks and trade names or service marks within and outside of the territory, if applicable, regardless of whether such restaurants offer products similar to those which are or may be offered at Village Inn Restaurants.

2.5. Franchisee must select a site for the Franchised Business for Franchisee’s Restaurant within nine (9) months from the Effective Date.

3. TERM

3.1. This Agreement will begin on the Effective Date and shall expire on the earlier of: (a) ten (10) years from the date of the opening of the Village Inn Restaurant at the Licensed Location; or (b) or the expiration of the term of your lease or sublease, as applicable (excluding any option/extension periods thereto of such lease or sublease), subject to Village Inn’s approval, subject to provisions hereinafter set forth (“Initial Term”).

3.2. At the expiration of this Agreement, Franchisee shall have the option to extend the term of this Agreement for a period of five (5) years or a term mutually agreeable between the parties to be coterminous with the Franchisee’s existing lease if Franchisee:

(a) Provides Franchisor with written notice of its intent to renew the franchise at least 210 days, prior to the expiration of the Initial Term.

(b) Provides Franchisor with evidence of Franchisee's right to possess the Licensed Location for the extended term.

(c) Executes the form of Village Inn franchise agreement (with the then-existing royalty and marketing fees, and other then-current fees, terms, and conditions) being offered by Franchisor for new franchised locations (or, if Franchisor is not then offering Village Inn franchises, the form most recently offered) at least thirty (30) days prior to the expiration of the Initial Term. Such agreement, however, shall provide for the payment of a renewal/extension of fifty percent (50%) of the then-current initial franchise fee not including any discounts or reductions payable to us when you renew this Agreement.

(d) Is not in default under this Agreement or any other agreement with Franchisor or its affiliates (i) at the time Franchisee provides Franchisor with its written notice of intent to renew or is eligible to do so, (ii) at the time Franchisee executes the new franchise agreement, or (iii) upon the expiration of the Initial Term.

(e) Has not received a written notice of default under this Agreement or any other agreement with Franchisor or its affiliates in the three (3) calendar year period immediately preceding the receipt of the notice of intent to renew.

(f) Upgrades and/or remodels the Licensed Location and the operations with respect to it, at Franchisee's sole cost and expense (the necessity of which shall be in the sole discretion of Franchisor), to conform with the most current Village Inn Restaurant prototype, design, standards, specifications, and requirements. Such upgrades and/or remodels are to be completed at least thirty (30) days prior to the expiration of the Initial Term.

(g) Concurrently with the execution of the new franchise agreement, executes a general release of all claims against the Franchisor Indemnitees.

4. INITIAL FRANCHISE FEE

4.1. Franchisee shall pay Franchisor an initial franchise fee of Thirty-Five Thousand and 00/100 Dollars (\$35,000.00) ("Initial Franchise Fee"), which shall be paid no later than the execution of this Agreement. Except as provided in this Agreement, the Initial Franchise Fee is nonrefundable.

5. ROYALTY FEE

5.1. Beginning with the opening of Franchisee's Restaurant at the Licensed Location ("Royalty Commencement Date"), Franchisee shall pay to Franchisor a royalty fee ("Royalty" or "Royalties") equal to four percent (4.0%) of Franchisee's Gross Sales (as defined in Section 5.2, below). Payment shall be made weekly as provided in Section 5.3, below, unless prepaid as permitted in Section 5.4, below.

5.2. "Gross Sales" shall mean the total amount of sales made by Franchisee from all business activities conducted by or through the Restaurant, or taking place at the Licensed Location, in the form of cash, check, credit, or otherwise (without reserve or deduction for inability or failure to collect the same), and includes, without limitation, the sale of food, beverages, goods

and services, whether sold for consumption on or off the premises, receipts from food catering, and sales from vending, amusement, or entertainment machines (regardless of whether such business activities are permitted by this Agreement or not). Further, Gross Sales shall be based on the actual price charged by Franchisee. Gross Sales shall not include tips and gratuities for employees or sales taxes actually collected and paid to a governmental agency. Furthermore, for the avoidance of doubt, loyalty redemptions, “Free Pie Wednesdays” discounts, senior discounts, delivery fees, and other customary promotions or discounts shall not be included in Gross Sales. Franchisee shall, by January 21st of each year, provide to Franchisor a written report containing information regarding Franchisee’s Gross Sales for the previous Fiscal Year and such additional information as may be required by Franchisor.

5.3. The Royalty under this Agreement shall be paid on Tuesday of each week, or such other day of the week as determined by Franchisor after a thirty (30) day prior written notice is provided to Franchisee (email suffices), during the entire term of this Agreement by pre-authorized debit via the Automated Clearing House (ACH), unless prepaid as permitted in Section 5.4 below.

5.4. After operating the Restaurant for at least one full Fiscal Year, Franchisee is granted the option to annually prepay the Royalty for that year and thereby receive a ten percent (10%) discount on the Royalty due under Section 5.1 by paying to Franchisor on or before February 1 an amount equal to ninety percent (90%) of that year’s projected royalty (“Prepaid Royalty”). The projected royalty (“Projected Royalty”) is equal to four percent (4%) of the Gross Sales from the Franchisee’s preceding fiscal year. In making the calculation of the Projected Royalty, the beginning date for the preceding Fiscal Year shall be based on the Franchisor’s fiscal period with Fiscal Year being a 52-week fiscal year consisting of twelve (12) fiscal periods ending on the last business day of the Fiscal Year of the Franchisor. Franchisor and Franchisee agree to, on or before February 1, reconcile the difference between the Prepaid Royalty and the Royalty due based upon Franchisee’s actual Gross Sales (while still subject to the 10% discount) during the preceding Fiscal Year. For example, if Franchisee’s Projected Royalty was \$50,000 (based on Gross Sales of \$1,250,000), and thus the Prepaid Royalty was \$45,000, but Franchisee’s actual Gross Sales during the Fiscal Year were equal to \$1,500,000, Franchisee would owe Franchisor an additional \$9,000. ($\$1,500,000 \times 4\% = \$60,000$ Royalties owed $\times 10\%$ discount = \$54,000 less \$45,000 prepaid = a remaining owed balance of \$9,000).

6. MARKETING

6.1. Franchisor develops and administers marketing, advertising, public relations, and campaigns designed to promote and enhance the Village Inn brand image. These services and their costs include but are not limited to market analyses; public relations studies or services; program direction; production of TV and radio commercials; print advertising materials; direct mail and outdoor materials; internet activities; agency fees; recruiting and retention of marketing personnel; menu development; other costs related to the development, marketing, and testing of advertising; and the purchase of advertising time or space in national, regional, or other advertising vehicles. Accordingly, in each Fiscal Year, Franchisee agrees to pay Franchisor a marketing fee (“Marketing Fee”) which will be held by Franchisor in a segregated account (“Marketing Fee Fund”). In addition to all amounts payable to Village Inn by Franchisee pursuant to this Agreement, each Tuesday Franchisee will pay a Marketing Fund Fee equal to a specified percentage of the Revenues generated by Franchisee’s Restaurant for the preceding week, unless that day is a non-business

day, in which case the Marketing Fund Fee is payable to Village Inn on the next business day. The Marketing Fund Fees will be deposited into one or more local, regional, national or international Marketing Funds (collectively, the “Fund” or the “Marketing Fund”), which will be administered and controlled exclusively by Village Inn. The Marketing Fund Fee amount that Franchisee must pay pursuant to this Article 6.1 is an amount equal to 1% of the Restaurant’s weekly Revenues. Village Inn reserves the right to increase this percentage upon 60 days prior written notice to Franchisee; provided however, that Village Inn may not increase the Marketing Fund Fee by more than ½% in any 12-month period. Franchisor is under no obligation to ensure that the Marketing Fee is expended so as to be proportionate or equivalent to the fees paid by Franchisee or that any particular amount is spent in the territory, if applicable. Further, Franchisee agrees that Franchisor’s decisions on how the Marketing Fee is used for marketing, advertising, public relations, and promotional campaigns, in all forms, phases, and aspects (including, without limitation, the cost, development, type, quantity, timing, placement and choice of media and means, including digital advertising, market areas, advertising agencies, and public relations firms), are entirely at Franchisor’s sole discretion, final, and determinative. Franchisor has no fiduciary obligation to Franchisee in connection with the operation of any Marketing Fee Fund. No interest on an unexpended Marketing Fee shall be imputed or otherwise charged for the benefit of, or payable to, Franchisee. Franchisee understands and agrees that the only obligations Franchisor has regarding the collection and spending of the Marketing Fee or the administration of the Marketing Fee Fund are the express contractual obligations in this *Section 6.1*. Franchisor is not acting as a trustee, fiduciary, agent or in any other special capacity. Franchisor does not give any representation or warranty regarding the quality or effectiveness of the advertising and marketing activities funded by the Marketing Fee or of the Marketing Fee Fund, and Franchisor will have no liability to Franchisee with respect to how these funds are spent.

6.2. In addition to the payment of the fees required in Section 6.1, in each Fiscal Year, Franchisee shall spend money for local marketing/advertising promotions for its Restaurant, in an amount determined by Franchisor but currently one percent (1%) of the Fiscal Year Gross Sales from the Licensed Location. The means by which Franchisee shall conduct its local marketing/advertising promotions are at Franchisee’s discretion but subject to the requirements of Section 6.5.

6.3. Village will provide access to a “grand opening celebration” package that will include advertising and promotional materials for Franchisee’s Restaurant. Franchisee will spend a minimum of \$10,000 (or such other greater amount determined by Village Inn, in its sole and absolute discretion, and specified in writing by Village Inn) on the grand opening celebration for Franchisee’s Restaurant. The grand opening expenditures can be applied toward the local advertising requirements of this Agreement. Village Inn reserves the right to request written documentation from Franchisee sufficient to establish to Village Inn’s satisfaction that such expenditures were actually made by Franchisee. Such documentation will be provided to Village Inn within 15 days after Village Inn’s request.

6.4. All fees required to be paid pursuant to Sections 6.1 and 6.2 shall be calculated and paid in the same manner and under the same schedule as Franchisee’s Royalty. Franchisor may at any time increase the percentage which Franchisee is required to pay to Franchisor or spend for local marketing/advertising under this Article 6, but in no event shall Franchisee be required to spend more than a total of two percent (2%) of the Gross Sales at the Licensed Location in any

Fiscal Year on the fees or required expenditures under this Article 6. Franchisor does not represent to Franchisee that such level of advertising is adequate, and Franchisee may make its own determination to increase its spending on advertising in excess of that required in this Agreement, subject to the requirements of Section 6.5.

6.5. Franchisee shall use only approved marketing/advertising media vehicles and materials. Approved marketing/advertising media vehicles are limited to (i) television and radio; (ii) newspapers, magazines, and other such print vehicles; (iii) outdoor, transit, and other signage displayed on billboards or buildings (excluding on-premises signs or lighting); (iv) direct mail flyers, door hangers, and handbills; (v) internet web sites; and (vi) other means approved by Franchisor in advance in writing, which shall be at Franchisor's sole and absolute discretion. All marketing/advertising materials to be used by Franchisee, except those made available and approved for use by Franchisor, shall require Franchisor's written approval prior to their use, and such approval shall be at Franchisor's sole and absolute discretion. Franchisee shall submit to Franchisor, in each instance, all marketing/advertising materials requiring approval by Franchisor prior to use. Franchisor shall notify Franchisee, within ten (10) business days of Franchisee's request, as to whether it approves the use of such materials. Franchisor's failure to notify Franchisee within such ten (10) business days, shall not be deemed as an automatic approval of the request.

7. DEBTS, TAXES, INTEREST AND BREACHING ROYALTIES

7.1. Franchisee will pay when due and without abatement, offset, diminution, or reduction, all of Franchisee's obligations due and payable to Franchisor at the place designated by Franchisor, and to all other suppliers or creditors of Franchisee.

7.2. Franchisee shall promptly pay in full all city, county, state, and federal taxes (including gross receipts, business and occupation or similar taxes assessed against Franchisor) arising in connection with or levied or assessed by any governmental body in connection with any part of this Agreement, the operation of the Restaurant, or any of the merchandise or assets at the Licensed Location. Village Inn will have no liability for any taxes which arise or result from Franchisee's Restaurant and Franchisee will indemnify Village Inn for any such taxes that may be assessed or levied against Village Inn which arise out of or result from Franchisee's Restaurant. If any "franchise" or other tax which is based upon the Revenues, receipts, sales, business activities, or operation of Franchisee's Restaurant is imposed upon Village Inn by any taxing authority, Village Inn may collect from you, or require you to reimburse us for, any taxes, mandatory industry-funded compliance fees, regulatory fees, assessments, surcharges, or similar charges imposed or assessed by any governmental authority, quasi-governmental authority, or industry body, whether assessed against you or against us, as a result of your operation of the Franchised Business or the license of our intangible property in the jurisdiction where the Franchised Business is located, to the extent permitted by law.

7.3. In the event that Franchisee fails to pay any sum which it is obligated to pay to Franchisor for any reason whatsoever, a late fee of 5% of the amount due and owing shall be assessed if not paid within five (5) days after the obligation is due and owing. Thereafter, interest at the rate of three percent (3%) over the publicly announced prime rate of Franchisor's prime lender, adjusted annually on April 1 each year, per annum (but not to exceed the lawful maximum

rate within the jurisdiction of the Licensed Location), will accrue on all such unpaid amounts until paid in full. The late fee and interest, however, shall not prohibit Franchisor from declaring a default as provided elsewhere in this Agreement.

7.4. Franchisor has the absolute right to increase the Royalty up to eighteen percent (18%) of Gross Sales, with respect to any period during which Franchisee is in breach or default of Franchisee's obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalty Fee paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are referred to as "Breaching Royalties." Breaching Royalties will be charged for a minimum fourteen (14)-day period, regardless of the length of the actual breach or default. In the event Franchisee prepaid Royalties pursuant to Section 5.4, then the Breaching Royalties in excess of the four percent (4%) Projected Royalty shall be due and owing for the time period Franchisee is in breach of default upon Franchisor's written demand.

8. OTHER INVESTMENTS REQUIRED OF FRANCHISEE

In addition to all payments, fees, and other obligations required in this Agreement, Franchisee acknowledges that it has made and will continually maintain cash investments in its business, including, but not limited to (i) land and building lease deposits (or equity investment if Franchisee owns its land and building); (ii) equipment lease deposits (or equity investment if Franchisee owns its equipment); and (iii) cash working capital of not less than Twenty-Five Thousand Dollars (\$25,000.00).

9. RESTAURANT FACILITY

9.1. At Franchisee's expense, and in accordance with plans and specifications approved by Franchisor prior to the commencement of work, Franchisee shall establish and maintain at the Licensed Location a fully equipped Village Inn Restaurant in compliance with the System.

9.2. Franchisor shall provide to Franchisee one set of Franchisor's standard plans and specifications (excluding site development plans and without architectural seal) for the construction and equipping of a new Village Inn Restaurant. Franchisee shall be solely responsible for making modifications to such plans and incurring all expenses to bring them into compliance with Franchisee's lease requirements and applicable building codes, zoning, accessibility, and other governmental requirements relating to the Licensed Location, including without limitation the Americans with Disabilities Act ("ADA"). Any costs incurred by the Franchisor with respect to a change to the Franchisor's standard plans and specifications, shall be borne by the Franchisee.

9.3. If there is an existing structure at the Licensed Location which is to be converted into a Village Inn Restaurant, Franchisor will provide to Franchisee, at Franchisee's expense, minimum specifications for the conversion. However, in any case, Franchisee shall be solely responsible for developing plans and incurring whatever expenses are necessary to comply with Franchisee's lease requirements and all applicable governmental requirements. Franchisor will have 30 days to visit and/or review the site proposed by Franchisee and prepare a Site Review Report that will provide Franchisee with certain site information relevant to assessing whether the proposed site is suitable for development of a Restaurant. The Site Review Report represents Franchisor opinion based on its past experience and is offered for consideration and independent

evaluation by Franchisee and its advisors. It is not a representation of fact, or guaranty of any type and is provided only on the express understanding, as stated herein, that Franchisor has no liability of any kind whatsoever with respect to the information provided. Franchisee agrees and acknowledges that the Site Review Report may provide an estimate of revenues for the site selected by Franchisee but that there is no representation, warranty, or guaranty that Franchisee's Restaurant will attain these estimated revenues if Franchisee selects this site as the Franchised Location or that the estimate is based on any validated or substantiated methodology. Franchisee will pay Franchisor the then-current fee for the Site Review Report after Franchisor issues a "no-brand-standards-objection" letter for the site. The fee for a Site Review Report is currently \$1,000 to \$5,000, but this fee may be increased by Franchisor at any time. Franchisee will not purchase or lease a proposed site until Franchisor has provided Franchisee with a no-brand-standards-objection letter for that proposed site

9.4. All changes or modifications to previously approved plans or specifications relating to the building, remodeling, refurbishing, or equipping of the Licensed Location shall in each case be submitted to and approved by Franchisor prior to commencement of work.

9.5. Franchisee agrees to make, at its expense, necessary maintenance and repairs to keep the improvements constructed at the Licensed Location, and all furniture, fixtures, and equipment in the Restaurant, in good condition and repair, consistent with Franchisor's standards and specifications, throughout the entire term of this Agreement.

9.6. Franchisor shall have the right, not more than once every five (5) years during the term of this Agreement, to specify in writing the work which Franchisee must undertake to refurbish, remodel, re-equip, or repair the Restaurant in accordance with Franchisor's then-current prototype, design, standards, and specifications for Village Inn Restaurants (the "Upgrade"). Franchisee agrees, at its expense, to perform such work within a reasonable time, not to exceed two hundred and seventy (270) days, after receipt of Franchisor's notice, and to pay Franchisor's then-current fee for remodel plans (currently \$7,500). Nothing herein shall be construed to relieve Franchisee of any part of its responsibility for keeping the Licensed Restaurant, with all of its furnishings, fixtures, and equipment, in continuous good repair, maintenance, and appearance.

In the event the franchisee owns two or more Village Inn Restaurants, the Parties agree that the Franchisee will not be required to Upgrade more than 50% of the Franchisee's restaurants in any given year. Moreover, if the Franchisee believes that notwithstanding the foregoing, the demand for Upgrade will cause undue economic burden on the Franchisee or its operation, the parties agree to negotiate in good faith a remodel schedule that will "smooth" the obligation over a number of years, taking into account all Upgrades that are projected to be required throughout the smoothing period. By way of example, if Franchisee would otherwise be required to remodel three restaurants in Year 2, the parties could negotiate to allow the Franchisee to remodel a restaurant in Year 1, a restaurant in Year 2, and a restaurant in Year 3—taking into account that any restaurants that would need to be remodeled in Years 1 and 3 might also then requiring a negotiated smoothing schedule. The intent of the parties is to reach an overall Upgrade schedule that keeps the restaurants current without causing undue economic burden on the Franchisee or its operations.

9.7. Franchisor or its designated representative shall be allowed, at Franchisor's expense, to view the Restaurant during construction or renovation for the purpose of determining the progress of the construction. However, Franchisor's viewing during construction will not, in any way, be deemed an acknowledgment that the construction is being done in accordance with approved plans and specifications, in compliance with applicable governmental requirements, or in a good and workmanlike manner. Accordingly, Franchisor will have no duty or obligation to Franchisee or any other party whatsoever for these matters, all of which are the sole responsibility of Franchisee.

9.8. No later than the commencement of the pre-opening training at the Licensed Location, Franchisee shall provide to Franchisor a letter from a licensed architect certifying that the Restaurant has been constructed in substantial compliance with the plans and specifications approved by Franchisor and in accordance with all applicable governmental requirements. Additionally, Franchisee shall provide to Franchisor an unconditional final certificate of occupancy issued by the appropriate governmental entity prior to opening the Restaurant.

9.9. Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Licensed Location and the Restaurant is being constructed or renovated in a workmanlike manner and according to the specifications established by Franchisor. Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes, and building codes, including without limitation the Americans with Disabilities Act ("ADA"), and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of Franchisee's Restaurant at the Franchised Location. Franchisor will have no responsibility to Franchisee or any other party. Franchisee will not open the Restaurant for business without the prior written approval of Franchisor.

10. OPERATIONS

10.1. Franchisee is solely responsible for the operation of its Restaurant in accordance with the requirements of this Agreement, the Operating Manuals, and Standards and Policies. Franchisor will provide general assistance in coordinating the Licensed Location's pre-opening activities. Additionally, Franchisor may but is not obligated to provide such advice and counsel and information on new developments and techniques as it deems appropriate, by sending representatives to visit the Licensed Location; through written and other materials; and at meetings, seminars, and training sessions. Franchisee and all of its required individuals shall be obligated, at Franchisee's expense, to attend any meeting, seminar, or training session designated as mandatory by Franchisor, including, but not limited to, those described in Section 12.3. Notwithstanding the foregoing, Franchisor may designate certain aspects of the System or Standards and Policies as either mandatory or suggested.

10.2. Franchisee covenants and warrants with respect to the operation of the Restaurant at the Licensed Location that Franchisee and its employees will at all times strictly comply with all of the Operating Manuals, Standards and Policies, and the System. Without limiting the foregoing, throughout the term of this Agreement, Franchisee shall:

(a) Continuously operate only a Village Inn Restaurant at the Licensed Location in accordance with the System and for at least the minimum days and hours prescribed by Franchisor. Franchisee may not relocate the Restaurant from the Licensed Location without the express written approval of Franchisor, which approval may be conditioned on, among other things, compliance with this Agreement and payment of a new prototype plans fee for the new location.

(b) Maintain and operate the Restaurant in a clean, safe, efficient, and high-quality manner in accordance with the System and in such a fashion as not to detract from or adversely impact the name and reputation of Village Inn Restaurants.

(c) Comply with all applicable governmental laws, ordinances, and requirements.

(d) Maintain the condition and appearance of the interior and exterior of the Restaurant building and the furniture, fixtures, and equipment such that they conform strictly with Franchisor's approved plans and Standards and Policies, including all exterior and interior decorating designs and color schemes.

(e) Offer only for sale all food, beverages, and products prescribed by Franchisor, plus such additional food, beverages, or products as may be approved in advance in writing by Franchisor. In addition to approved vendors and approved distributor(s), we may, in our sole discretion, require you to purchase certain products or services through designated purchasing channels, programs, platforms, or contractual arrangements specified by us.

(f) Use Franchisor's menu design, format, and content, and not make any change to the menu unless it is pre-approved in writing by Franchisor. The menu content shall consist of Franchisor's approved food and beverage offerings. Franchisee agrees to conform to all menu changes as they occur, or to become current with all changes at least once every six months. Modifications to the menu are allowed only as a reflection of food and beverage items characteristic of Franchisee's local area and subject to Franchisor's testing and prior written approval. Franchisee is at all times free to charge prices entirely of its own choosing. Franchisor may recommend or suggest prices to be charged by Franchisee for a menu item sold or offered, but such is not binding upon Franchisee in any manner.

(g) Order pies made by only a Franchisor approved vendor. In the event the pies provided by the Franchisor's approved vendor do not adhere to the quality and brand standards as the Franchisee expects, the Franchisee shall notify the FAB and the Franchisor in writing of deficiency of quality and brand standards. In the event the FAB agrees with the complaint, and the Franchisor cannot return the pies to same quality and brand standards within sixty (60) days, either the FAB or the Franchisee may request an alternate vendor to source pies. Franchisor agrees to approve any reasonable alternate vendor. Such approval shall not be unreasonably withheld.

(h) Not deviate from the formulas or recipes specified or approved by Franchisor.

(i) Maintain sufficient inventories and employ adequate and qualified personnel to operate the Restaurant so as to meet the expectations of customers who patronize the Restaurant.

(j) Require employees to conform to the dress code designated in the Operating Manuals. Franchisee bears sole liability for the hiring, firing and personnel decisions, and the terms and conditions of employment, for Franchisee's personnel and staff. Franchisor and Franchisee acknowledge and agree that Franchisor shall not, and shall have no right or authority to, control the employees of the Licensed Location or Franchisee's employees. Franchisor shall have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of employees of the Licensed Location or of Franchisee. Franchisee acknowledges and agrees that all employees of the Licensed Location and of Franchisee shall be the exclusive employees of Franchisee and shall not be employees of Franchisor nor joint employees of Franchisee and Franchisor. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees and Franchisor is not responsible for the safety and security of the Licensed Location's employees or customers.

(k) Display at the Licensed Location signs using the Village Inn mark as approved by Franchisor, and not display at or about the Licensed Location or anywhere else signs or advertisements of any kind which Franchisor has not approved in writing.

(l) Maximize Gross Sales at the Licensed Location.

10.3. Franchisee must exclusively use an approved electronic point-of-sale system to record all sales during the operation of your Restaurant, the components of which may be identified in the Manual. Prior to the opening of your restaurant, you will be required to acquire and to exclusively use an approved cash register/computer system during the operation of the Restaurant. You will be required to maintain the POS System in good working order at all times, and to upgrade or update the POS System during the term of your Franchise Agreement as we may require from time to time. Franchisee will, at its sole expense, lease or purchase all computer hardware, computer peripherals and software, including antivirus and data security software, that may be required by Village Inn from time to time, including the Franchisee's point-of-sale system and other equipment and devices as required by Village Inn. Franchisee will, upon notice from Village Inn, update the computers and software to the standards and specifications set forth in the then-current Standard Operating Procedures/Training Manual(s). Additionally, Franchisee must implement and maintain an approved Payment Card Industry (PCI) compliance program for the Restaurant. Franchisor may suggest third party PCI compliance vendors occasionally, but Franchisee is free to submit alternative PCI compliance vendors to Franchisor for approval or seek approval to perform Franchisee's own PCI compliance, and Franchisee is in all cases solely responsible for Franchisee's and the Restaurant's PCI compliance programs. Franchisor may in its sole discretion require Franchisee to install a particular type of firewall (hardware and/or software) *provided that such required firewall hardware and/or software are the same/similar specifications and price points as those used in current corporate-owned/operated Village Inn restaurants.* Franchisee must submit PCI compliance reports to Franchisor in the manner and frequency Franchisor sets in the Operating Manuals. Franchisee's failure to comply will be a material default under this Agreement, and in all cases Franchisee is solely liable for data security for the

Restaurant and its customers regardless of whether Franchisor performs any services for Franchisee or the Restaurant.

10.4. Subject to Sections 22.3 and 29.21, Franchisee shall immediately resolve any customer complaints (including, but not limited to, complaints received electronically) regarding the quality of food or beverages, service and/or cleanliness of the Restaurant or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use best efforts to resolve the customer complaints as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If Franchisor, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor, in its sole discretion, believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay Franchisor immediately on demand.

10.5. In order to maintain and enhance the goodwill associated with the Marks, the System and each Village Inn Restaurant, among other reasons, Franchisee agrees to participate in and/or request that its customers participate in programs initiated to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including, but not limited to, a guest telephone survey program, an 800 number, secret shoppers or other programs as Franchisor may require. Franchisee will be responsible for all costs associated with these programs in connection with the Restaurant.

11. RESTAURANT MANAGEMENT AND SUPERVISION

11.1. Franchisee agrees that during the entire term of this Agreement, it shall have in place an individual who (i) has been approved by Franchisor; (ii) has successfully completed the training required in Article 12; and (iii) shall be primarily responsible for the operation of the Restaurant ("Director of Operations"). If Franchisee is an individual, he or she, subject to meeting these requirements, may be the Director of Operations.

11.2. During the entire term of this Agreement, Franchisee shall employ, in addition to the Director of Operations, on a full time basis, not less than two (2) managers who have been approved by Franchisor and have successfully completed Franchisor's manager training program as required in Article 12. One of these two (2) individuals or the Director of Operations shall be designated as the General Manager and shall be responsible for the direct on-premises day-to-day supervision of the Restaurant. At least one of the other remaining two (2) individuals shall be responsible for the direct on-premises supervision of the Restaurant in the absence of the General Manager. The General Manager may not serve in more than one restaurant owned by the Franchisee. Furthermore, in the event that one or more of these individuals shall cease to be employed by Franchisee, or such person's responsibilities change from that of restaurant operations, Franchisee agrees to immediately notify Franchisor of the change, and shall (i) within sixty (60) days thereafter, either replace such individual(s) with another person(s) who has/have been approved by Franchisor and successfully completed the required training, or reinstate the previous individual(s) to his/her/their prior operational responsibilities; or (ii) reassign personnel

or responsibilities such that there will always be direct on-premises supervision of the Licensed Location by no less than two (2) Franchisor-approved and trained managers.

11.3. Franchisee shall be responsible, during the term of this Agreement, for training Franchisee's employees in the standards, methods, and techniques required for the satisfactory performance of their duties and in compliance with the System.

12. TRAINING

12.1. Franchisee agrees that, no later than four weeks prior to the commencement of operations at the Licensed Location, Franchisee, the Director of Operations, and at least two (2) managers responsible for the day-to-day operations of the Restaurant must have successfully completed Franchisor's management training program. Furthermore, a new individual who later replaces any trained person must successfully complete the management training program within sixty (60) days of taking over managerial responsibilities. Franchisor's sole judgment shall determine whether an individual has successfully completed a training program. Franchisee expressly agrees that the opening date of the Restaurant will not be set nor will the Restaurant open until Franchisor is satisfied that Franchisee and its Director of Operations and managerial employees have been adequately trained with respect to the operation of a Village Inn Restaurant.

12.2. The management training program will include instruction and field training at Franchisor's designated training facilities and restaurants. Training will last for such duration as Franchisor determines to be necessary based upon the trainee's performance, prior training, and experience.

12.3. Periodically during the term of this Agreement, but not more frequently than once a year, Franchisor may require Franchisee and its managers, at Franchisee's cost and expense, to attend and successfully complete refresher or additional training courses at such locations and times as Franchisor may determine. Franchisor shall impose no tuition charge for such required training programs, but Franchisee shall be responsible for all expenses incurred by Franchisee or its employees in connection with the training program. Such costs include, by way of example and not limitation, travel, lodging and meals, wages, insurance, employee benefits, training materials, and other related and incidental expenses.

12.4. Franchisee, its managers, or other personnel may also attend, on a space-available basis, any specified training program offered but not required by Franchisor. Franchisee shall pay all costs and expenses in connection with its personnel attending such programs, including, but not limited to, any tuition charged by Franchisor and the expenses described in Section 12.3.

12.5. If the Restaurant is the first Restaurant opened by Franchisee or its affiliates, for a minimum of 18 business days during the pre- and post-opening period of the Restaurant, Franchisor will furnish to Franchisee, at Franchisee's premises and at Franchisee's expense, a new restaurant opening assistance team consisting of at least 10 team members for the purpose of facilitating the opening of the Restaurant. Franchisee will pay Franchisor for all Travel Expenses and the prorated Salaries and Benefits (based on the number of days each Opening Team member has worked at Franchisee's Restaurant) for each member of the Opening Team. Two (2) weeks prior to the date that the Opening Team arrives at the Restaurant, Franchisee will pay to Franchisor

50% of the estimated Travel Expenses (as determined by us) and 50% of the prorated Salaries and Benefits for the Opening Team. Upon completion of the Opening Team's assistance, we will send you an invoice for the actual amount of remaining Travel Expenses and prorated Salaries and Benefits still owed by you. Franchisee will pay this invoice within thirty (30) days after receipt. If this Agreement is for the second or a subsequent Restaurant to be opened by Franchisee, then you will be responsible for furnishing the Opening Team to assist with the opening of the Restaurant. The number of Opening Team members (if any) provided by us for the opening of the second or a subsequent Restaurant will be determined by us, in our sole discretion, and if applicable, you will pay us the then-current Per Diem Training Fee for each Opening Team member who provides opening assistance at the Restaurant, and will reimburse us for the Travel Expenses and Salaries and Benefits of the Opening Team members provided by us for the opening of your Restaurant. Franchisee will pay the amounts owed to us pursuant to this provision within ten (10) days after receipt of an invoice indicating the amount owed. Franchisor may reduce or eliminate its new restaurant opening assistance to Franchisee if Franchisee or its affiliates have previously opened and are operating Restaurants.

13. INSPECTION

13.1. In order to maintain integrity of the Village Inn brand and System and to help achieve customer satisfaction, Franchisee authorizes Franchisor or its representatives to enter the Licensed Location from time to time during business hours, with or without notice, to inspect the premises and its furnishings, fixtures, and equipment; confer with Franchisee's employees; and examine and inspect the operation in all respects, including Franchisee's accounting records, materials, recipes, and formulas, and all public health or other governmental reports. Franchisee agrees to fully cooperate with Franchisor or its designated representative in conducting such inspections, including instructing its employees to provide prompt, accurate, and confidential responses to questions.

13.2. Franchisor's right of inspection shall include (i) videotaping or photographing the operations of the Restaurant, (ii) removing unsatisfactory or non-compliant items; and (iii) obtaining representative samples of foods and other products or materials for testing and analysis.

13.3. If, as a result of such inspection, Franchisee shall be found to be in non-compliance with the System or Franchisor's Standards and Policies, methods, techniques, procedures, policies, rules, or requirements, Franchisee agrees to correct all areas of non-compliance within thirty (30) days after receipt of written notice from Franchisor.

14. FINANCIAL STATEMENTS, REPORTS, RECORD KEEPING AND AUDITS

14.1. For accounting purposes, Franchisee shall establish and maintain an accounting year consisting of a 52-53 week fiscal year and thirteen four-week fiscal periods. *Notwithstanding the foregoing, Franchisee may establish and maintain its own fiscal year calendar but shall be required to report to Franchisor pursuant to and in accordance with Franchisor's Fiscal Year calendar.*

14.2. Franchisee will, at its expense, prepare monthly, quarterly and year-to-date Financial Statements and will deliver those Financial Statements to Franchisor within 30 days after

the end of each period; provided, however, Franchisee will also prepare annual Financial Statements that will be delivered to Franchisor no later than 21 days after the end of Franchisee's fiscal year. All Financial Statements will be in the form prescribed by Franchisor. The Financial Statements must be verified by an officer or owner of Franchisee as to accuracy and completeness. All financial information provided to Franchisor by or on behalf of Franchisee may be used or disclosed by Franchisor for any purpose it deems necessary including, but not limited to, in the marketing of franchises and/or preparing financial performance information. If Franchisee fails to provide Franchisor with any required financial statement, Franchisor shall have the right to order an independent audit of Franchisee's books and records, and Franchisee shall promptly pay Franchisor for all costs of such audit.

14.3. Franchisee shall keep full and proper books and records pertaining to the operation of the Licensed Location. Such records shall include but are not limited to documents reflecting local marketing/advertising expenditures; governmental reports and all federal, state, and local tax returns; register tapes; guest checks; daily reports; and all reports required by Franchisee's lease. Franchisee shall maintain such records for a minimum of three (3) years after the end of each Fiscal Year of Franchisor, or such longer period as may be required by applicable governmental requirements. Franchisee shall also report weekly Gross Sales and entrée counts for its Restaurant on Franchisor's PARIS or other designated system.

14.4. All of Franchisee's books and records, including copies of tax returns, so far as they pertain to the operation of the Restaurant, upon reasonable notice shall be open to examination, inspection, and audit by Franchisor or its designated representative at all times, and copies may be made by Franchisor for its use. Upon reasonable notice, Franchisee shall provide Franchisor immediate access to any information, regardless of who possesses it, that relates in any way to the Restaurant, including access that allows Franchisor to electronically receive or collect such information. Franchisee agrees to fully cooperate with Franchisor or its designated representative in conducting such examination, inspection, or audit. If the examination, inspection, or audit discloses that Gross Sales reported by Franchisee are less than the actual Gross Sales, Franchisee shall immediately pay to Franchisor all Royalty fees due based upon the corrected Gross Sales, together with interest at the rate provided in Section 7.3. If Franchisee has overpaid based upon the corrected Gross Sales, Franchisor shall give a credit to Franchisee on subsequent Royalty due by Franchisee. The cost of the examination, inspection, or audit shall be at Franchisor's expense unless the results reveal that Franchisee underreported its Gross Sales by three percent (3%) or more for any fiscal period; Franchisee has failed to prepare and deliver the reports to Franchisor as required; or Franchisee has failed to maintain the books and records as required, in which event Franchisee shall pay or reimburse Franchisor for the costs of the examination, inspection, or audit.

14.5. Franchisee expressly authorizes Franchisor to use the information obtained under this Article as it deems necessary or appropriate in order to comply with federal or state disclosure laws.

15. TRADEMARK

15.1. Franchisor grants to Franchisee the right to display and use the trademark and name, "Village Inn," and such other trade names, trademarks, service marks, logotypes, labels, designs, and other identifying symbols and names pertaining to Village Inn Restaurant as are now and may

hereafter be designated by Franchisor in writing (“Marks”), but only in connection with the Restaurant and upon the terms, covenants, and conditions and during the effective term of this Agreement. Franchisee possesses no right, title, or interest in or to any of the Marks or goodwill attached to them, except the privilege and license to display and use them according to the limitations and upon the terms, covenants, and conditions contained in this Agreement. Upon expiration or termination of this Agreement for any reason, Franchisee shall promptly deliver and surrender to Franchisor all items bearing or containing any of the Marks. Any unauthorized use of the Marks by Franchisee will constitute a breach of this Agreement and an infringement of Franchisor’s rights in and to the Marks. Franchisee agrees not to raise or cause to be raised any question concerning, or objections to, the validity of the Marks on any ground whatsoever.

15.2. Franchisee must prominently display the Marks in the manner Franchisor prescribes at the Licensed Location, on menus, and in connection with advertising and marketing materials.

15.3. Franchisee shall adopt and use the Marks only in a manner expressly approved by Franchisor. If, in the sole judgment of Franchisor, Franchisee’s use of the Marks infringes upon or is inconsistent with Franchisor’s public interest or business standing, then Franchisee will, upon notice from Franchisor, immediately modify its use as prescribed by Franchisor.

15.4. If, in Franchisor’s sole judgment, the use of any Mark is to be modified or discontinued and/or the Licensed Location is to use one or more additional or substitute Marks, Franchisee agrees, at its expense, to comply with Franchisor’s direction within a reasonable time after receipt of written notice from Franchisor, provided, however that if it would cost more than \$10,000, Franchisee must make any such change only if Franchisee agrees to do so in writing.

15.5. The right granted to Franchisee to use the Marks under this Agreement is non-exclusive. Franchisor, in its sole discretion, subject only to Section 2.3, has the right to grant other rights in, to, and under the Marks in addition to those rights already granted, and to develop and grant rights in other names and marks on terms and conditions that Franchisor deems appropriate.

15.6. Except as Franchisor may otherwise permit in writing, Franchisee shall not display or use the trademarks, trade names, service marks, logotypes, labels, designs, or other identifying symbols or names of any other person, firm, or corporation in, on, or at the Licensed Location.

15.7. If Franchisee is other than an individual, it shall not use the name “Village Inn”, “VI BrandCo” or “Franchisor” in whole or in part, or in any derivative form, in its entity name. If local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise indicate that Village Inn is being used as a fictitious or assumed name, Franchisee will include in such filing or application that it is a franchisee of Franchisor.

15.8. Franchisee shall clearly indicate, in its Restaurant, public records, and relationship with others, that its business is independently owned and its operation is separate and distinct from the operation of Franchisor’s business.

15.9. Franchisee agrees to immediately notify Franchisor of any suspected or unauthorized use of or claim relating to the use of the Marks. Franchisor shall have the sole right to forbear, initiate, defend, or settle any suit or claim of infringement at its expense. Franchisee

agrees to cooperate with Franchisor, as reasonably requested by and at Franchisor's expense, in the litigation or defense of any infringement, suit, or claim. Franchisee shall not enter into any negotiation or settlement of any such claim or suit without the prior written consent of Franchisor.

15.10. Franchisee shall not use the Marks on, or promote, offer, or sell any product relating to the Restaurant through the Internet or other future technological avenues without Franchisor's prior written consent, which Franchisor may withhold for any or no reason. Franchisor may condition its consent on such requirements as it deems appropriate, including, among other things, that Franchisee obtain Franchisor's written consent to: (i) any and all Internet domain names and home page addresses related to the Restaurant or the Marks; (ii) the proposed form and content of any web site related to the Restaurant or the Marks; (iii) Franchisee's use of hyperlinks or other links; (iv) Franchisee's use of materials (including text, video clips, photographs, images, and sound bites) in which any third party has an ownership interest; and (v) any proposed modification of Franchisee's web site. Franchisor may designate the form and content of Franchisee's web site relating to the Restaurant or the Marks and/or require that any such web site be hosted by Franchisor or a third party who Franchisor designates, using one or more web sites that Franchisor owns and/or controls. Franchisor may charge Franchisee a fee for developing, reviewing, and consenting to Franchisee's web site and/or for hosting a web site relating to the Restaurant or the Marks. Franchisee acknowledges that any web page it utilizes for the Restaurant or containing the Marks constitutes advertising and promotion subject to Article 6, above, and Franchisee agrees to comply with all additional policies and standards Franchisor issues from time to time with respect to web sites and web pages specifically. Franchisee must obtain Franchisor's consent prior to making any change to Franchisee's web page.

16. CONFIDENTIAL INFORMATION

16.1. Franchisee acknowledges that over the term of this Agreement, Franchisee will receive proprietary information which Franchisor has developed over time and at great expense, including, but not limited to: (i) methods and procedures relating to the development and operation of Village Inn Restaurants; (ii) management and personnel training; (iii) product development and testing; (iv) food, menu specifications, and recipes; (v) site selection; (vi) restaurant construction and equipping; (vii) marketing and promotion; (viii) back office and accounting systems; (ix) purchasing arrangements and vendor lists; and (x) administrative support. Such information is not generally known in the industry and is beyond Franchisee's present skills, experience, and knowledge, or cannot be readily developed, and that to develop such knowledge, skill, and experience would be time-consuming and expensive to Franchisee. Accordingly, Franchisee agrees, at all times (including the expiration or termination of this Agreement), to keep confidential all information disclosed to Franchisee by Franchisor which is deemed a "trade secret" by applicable law or which Franchisor otherwise designates as confidential and proprietary, regardless of any technical definition of "trade secrets" by statute or judicial interpretation, and to use all reasonable means to keep such information secret and confidential. Franchisee will divulge such information only to employees who must have access in order to operate the Restaurant at the Licensed Location. Additionally, Franchisee agrees not to misuse, copy, duplicate, record, or reproduce, in whole or in part, and in any manner, the information provided to him/her/it by Franchisor, or make such information available to any unauthorized person.

16.2. Franchisee agrees that the ownership of the confidential information is and shall remain vested solely in Franchisor.

16.3. In the event of a breach by Franchisee of its obligations under this Article, Franchisor will have the right, in addition to all other rights afforded by law or as set forth in this Agreement, to seek declaratory and/or injunctive relief from a court of competent jurisdiction (i.e., in accordance with the venue provisions of Section 29.6) without the necessity of showing actual or threatened damage, and without being required to furnish a bond or other security.

16.4. Notwithstanding anything in this Agreement to the contrary, Franchisee may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose confidential information, including Franchisor's trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of Franchisee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a Proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

16.5. Franchisee may be required and shall require its employees designated by Franchisor, upon request by Franchisor, to execute a confidentiality agreement consistent with the provisions of this Article 16. The omission of such a confidentiality agreement, however, shall not relieve Franchisee of any obligation otherwise required under this Article.

16.6. For purposes of this Article, Franchisee shall be defined as set forth in Section 17.4 of this Agreement. The provisions of this Article shall survive the expiration or termination of this Agreement.

17. CONFLICT OF INTEREST AND NON-COMPETE

17.1. Franchisee hereby agrees to the following: (a) Franchisee will not, on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director or owner of any other person, firm, entity, partnership, or corporation for a period of one (1) year after the termination or expiration of this Agreement, own, operate, lease franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in a food service business that derives 25% or more of its gross income from the sale of whole pies and/or breakfast food items, like pancakes, omelets, skilletts, eggs, pies or other breakfast food items, which is located within four (4) miles of the Licensed Location, within four (4) miles of any other Village Inn restaurant, or within any territory granted by Franchisor or any affiliate of Franchisor pursuant to an Area Development Agreement or other territorial agreement; and (b) Franchisee expressly agrees that: (i) the time, geographical and product limitations set forth in this provision are reasonable and necessary to protect Franchisor and its franchisees if this Agreement expires or is terminated by either party for any reason; (ii) this covenant not to compete is necessary to protect Franchisor's intellectual property and proprietary rights and give Franchisor the opportunity to resell and/or develop a new Village Inn Restaurant at or in the area near the Licensed Location; and (iii) the one-year time period described in this Section 17 will not begin to run until the covered person or entity is in compliance with this Agreement, and will be tolled during any intervening period of non-compliance.

17.2. Franchisee agrees that the provisions of this Article are and have been a primary inducement to Franchisor to enter into this Agreement, and in the event of a breach, Franchisor will be irreparably injured and without adequate remedy at law. Therefore, should Franchisee breach or threaten or attempt to breach any of these provisions, Franchisor shall be entitled, in addition to other remedies which it may have at law or in equity (including the right to terminate this Agreement), to a preliminary and/or permanent injunction, and a decree for specific performance of the terms in this Article without the necessity of showing actual or threatened damage, and without being required to furnish a bond or other security.

17.3. As a forum for dispute resolution for Article 17 to determine the validity or enforceability of this Article, the parties shall nominate each two (2) members to form a committee, which will consist of two employees of the Franchisor and two (2) members of the FAB. Any decision with respect to the validity of Article 17 requires three (3) affirmative votes to render a decision in favor of the Franchisee. The parties agree the decision is binding. In the event the parties cannot come to a majority decision with respect to a favorable outcome to the Franchisee, the parties shall appoint a third party arbitrator to adjudicate the matter in accordance with Section 25.

17.4. For purposes of Articles 16, 17, and 18, "Franchisee" shall include Franchisee, its directors, officers, partners (general or limited), and members, shareholders, or other owners of interest in Franchisee and each such person's spouse, parent, or child.

18. TRANSFERS

18.1. This Agreement is fully transferable by Franchisor and any transferee of Franchisor or other legal successor to Franchisor's interests in this Agreement.

18.2. Neither Franchisee nor any direct or indirect owner of any interest in Franchisee shall (whether voluntarily or by operation of law) directly or indirectly sell, pledge, transfer, or assign any rights under this Agreement or any interest in Franchisee or any entity that owns Franchisee, or a substantial portion of the assets of the Restaurant ("Transfer"), unless the transferor obtains Franchisor's prior written consent. Any attempted transfer without Franchisor's prior written consent will constitute a breach of this Agreement. Furthermore, any purported Transfer without Franchisor's prior written consent will convey no rights to or interest in this Agreement, the Franchised Business or the Licensed Location. Franchisor may withhold its consent on any reasonable grounds or may impose reasonable conditions including, but not limited to, the following:

(a) Franchisee paying all obligations and accounts due Franchisor or its affiliates and to third parties whose obligations Franchisor has guaranteed on behalf of Franchisee.

(b) Franchisee not otherwise being in default of this Agreement or any other agreement by and between Franchisee or its affiliates and Franchisor or its affiliates.

(c) The proposed transferee, in Franchisor's sole judgment, is qualified to provide proper ownership, operation, and financing of the Licensed Location pursuant to Franchisor's criteria which includes, without limitation, net worth; work experience and aptitude; ability to devote time and best efforts to the Restaurant; ability to speak and read English sufficient

in Franchisor's opinion to communicate with employees, customers and suppliers and to satisfactorily complete Franchisor's training; and no conflicting interest. In this connection, Franchisor may conduct an investigation, use discretionary judgment, and require additional terms and conditions of the transfer in the same manner as any person (including legal entity) applying for a new franchise, and Franchisor may require the proposed transferee and certain of its employees to attend training programs.

(d) Payment of a transfer fee of Five Thousand Dollars (\$5,000.00) to Franchisor, except in cases where the transfer is to Franchisee's spouse or children, and notwithstanding the above, Franchisee may be charged a document administration fee of Five Hundred Dollars (\$500) ("Document Administration Fee"), payable to Franchisor when Franchisor must prepare an amendment to your franchise documents.

(e) Franchisee, its owners, directors, and officers executing a general release of all claims against all Franchisor Indemnitees.

(f) The proposed transferee, at Franchisor's option shall either: (i) execute an assignment of this Agreement for the remainder of the term and any renewal terms and conditions set forth in Section 3.2 herein and such other ancillary agreements as Franchisor may require; or (ii) enter into the form of franchise agreement then being offered to new Village Inn Restaurant franchisees and such other ancillary agreements as Franchisor may require, with such agreement superseding this Agreement in all respects other than the term and any renewal terms and conditions set forth in Section 3.2 herein, and provided that the terms of the new franchise agreement may differ from this Agreement with respect to the initial franchise fee, royalty, marketing fees, and other terms and conditions.

(g) The proposed transferee, at Franchisor's request and at the transferee's expense, upgrading the Licensed Location to conform to the then-current Standards and Policies and all other requirements for Village Inn Restaurants within the time specified by Franchisor.

(h) Franchisee agreeing to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to the proposed transferee so that proposed transferee may keep the existing telephone number when the Restaurant is transferred to proposed transferee.

(i) Franchisee providing to us a copy of the purchase and sale agreement or other documentation evidencing the Transfer and, following our analysis of the terms and conditions of the proposed Transfer, Franchisor, in its sole discretion, concludes that such terms and conditions will not interfere with the financial feasibility of the future operation of the Restaurant.

(j) Franchisor approving the legal documents which its attorneys deem necessary or proper to document the transfer, including without limitation, all governing documents of proposed transferee. Franchisee shall pay all reasonable legal fees associated with the review and approval of the transfer, in addition to the transfer fee specified in Section 18.2(d), and regardless of whether legal counsel is retained independently or employed in-house by Franchisor.

18.3. The Transfers requiring Franchisor's prior written consent under Section 18.2 include, without limitation: (i) if Franchisee is a partnership or other business association, the addition or deletion of a partner or members of the association, or the transfer of any partnership or membership among existing partners or members; and (ii) if Franchisee is an individual, the transfer from such individual to a corporation or other business entity in which the individual has an ownership interest, in which case, Franchisor's approval will be conditioned upon receipt of the personal guarantee of the transferor, of the transferor's guarantors, of all owners, partners, members or officers of the transferee, and of each of the foregoing's respective spouses, of the corporation's or other business entity's performance of the obligations under and for the remainder of this Agreement.

18.4. In the event of the Franchisee's death or legal incapacity, or if Franchisee is a partnership or legal entity, on the death or legal incapacity of any owner of Franchisee, the rights and obligations of Franchisee/such owner under this Agreement shall inure to the Franchisee's/such owner's executors, administrators, heirs, conservators, or legatees (collectively, the "Legatee"), provided that (i) written notice is received by Franchisor within one hundred twenty (120) days after the date of death or the judicial determination of legal incapacity stating that such Legatee has been properly appointed, designated, or bequeathed, accompanied by effective evidence, such as Letters Testamentary or court order, and will perform all of the duties and obligations required by Franchisee or such owner under this Agreement; and (ii) the Legatee is determined by Franchisor, in Franchisor's reasonable discretion, to be able to perform such duties and obligations and the Legatee assumes such responsibility pursuant to an Assignment agreement and guaranty in a form to be prepared by Franchisor. In the event that Franchisor determines, in its reasonable judgment, that the Legatee is not capable of performing all of the duties and obligations required to be performed by Franchisee or such owner under this Agreement, the Legatee shall use best efforts, within twelve (12) months from the date of written notice from Franchisor, to sell his/her/its interest in the Agreement to a bona fide purchaser in accordance with and subject to all of the provisions of this Article. If by the end of such twelve-month period, the Legatee has not effectuated a transfer of such interest in a transaction which meets the requirements of this Article, Franchisor shall have the option to (a) purchase the Legatee's interests at fair market value as determined jointly and in good faith by three (3) appraisers with Franchisor and the Legatee each selecting one (1) appraiser and the two (2) appraisers so chosen selecting the third appraiser; (b) permit the Legatee to perform the duties and obligations required by Franchisee under this Agreement; or (c) terminate the Agreement, but such termination shall not constitute a default by the Franchisee.

Franchisor shall in no event be liable or obligated to verify the validity of the Legatee's appointment, designation, or other circumstances entitling the Legatee to the rights and benefits of this Agreement. In any transfer, the Legatee shall represent and warrant that such Legatee possesses all rights, title, and interests in this Agreement, and shall indemnify, defend (with attorneys reasonably acceptable to Franchisor), and hold harmless the Franchisor Indemnitees from all Losses and Expenses arising from Legatee's fraud, misrepresentations, omissions, or improper or invalid authority to transfer such rights, title, and interests. Franchisor shall have the right (but not the obligation) to defend any Proceeding and/or to participate in the defense of any matter to which it is named as a party, with counsel of its choosing, all of whose fees and expenses will be subject to indemnification hereunder.

18.5 In the event that Franchisee (or any of its owners) shall, subject to the restrictions and conditions of transfer contained in this Article, attempt to raise or obtain funds by the sale of securities (including, without limitation, common or preferred stock, bonds, debentures, or general or limited partnership interests) by means of any public or private investment offering, which contains written information, in any manner, concerning Franchisor or the System, this Agreement, or the relationship used with respect thereto, Franchisee agrees to submit any such written information to Franchisor prior to its inclusion in any registration statement, prospectus, or other offering circular or memorandum (“Offering Document”). Franchisee shall furnish the Offering Document along with a written request to Franchisor to review the Offering Document and also stating the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference made about Franchisor or its business, the System, or this Agreement in such Offering Document, such Offering Document shall not be used unless and until Franchisor’s objections are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. Franchisor’s written consent obtained pursuant to this Section shall not imply or constitute its involvement in or approval with respect to the sale of the securities, the offering literature submitted to it, or any other aspect of the offering. Additionally, the Offering Document utilized in any offering shall contain the following language in bold-face type on the first textual page:

FRANCHISOR AND/OR ITS AFFILIATES ARE NOT DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED HEREBY AND ASSUME NO RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH HEREIN, INCLUDING ANY STATEMENT MADE WITH RESPECT TO IT OR FRANCHISOR’S SYSTEMS, TRADEMARKS, OR VILLAGE INN RESTAURANT FRANCHISE. NEITHER FRANCHISOR NOR ITS AFFILIATE ENDORSE OR MAKE ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING.

Franchisee agrees to promptly reimburse Franchisor for any out-of-pocket expense and all attorneys’ (including in-house counsel) and accountants’ fees in the review of the Offering Document and any other material requested by Franchisee under this Section 18.5. Additionally, Franchisee and each of its owners shall indemnify, defend (with attorneys reasonably acceptable to Franchisor), and hold harmless all Franchisor Indemnitees from all Losses and Expenses incurred in connection with any Proceeding arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. Franchisor shall have the right (but not the obligation) to defend such Proceedings and/or to participate in the defense of any matter to which it is named as a party, with counsel of its choosing, all of whose fees and expenses will be subject to indemnification hereunder.

18.6 This Article shall survive the expiration or termination of this Agreement.

19. RIGHT OF FIRST REFUSAL

Franchisee and its owners (including Legatees in connection with sales under Section 18.4, above) expressly grant to Franchisor the Right of First Refusal to purchase Franchisee’s rights and

interests in this Agreement and the Licensed Location in the event of a proposed sale or transfer of this Agreement and Franchisee's Restaurant, or transfer which results in a change of control of Franchisee of fifty-one percent (51%) or more, whether in a single transaction or as the result of several transactions. Franchisee shall, at a minimum, submit a written bona fide offer from the third-party purchaser/transferee, and the terms of this Right of First Refusal shall be the same as those submitted in writing to Franchisee by the bona fide third-party purchaser/transferee, except that Franchisor shall have the right to substitute cash for any other consideration offered. Franchisor shall have thirty (30) days within which to exercise this Right of First Refusal following Franchisee's delivery to Franchisor of the executed written offer containing the essential terms and conditions to which Franchisee and the proposed bona fide purchaser/transferee have committed to be bound toward a contractual agreement. Franchisor reserves the right to request (i) Franchisee's and the bona fide purchaser's/transferee's intent, understanding, or commitment regarding the transaction; (ii) clarification of certain terms and conditions stated in the written offer; and (iii) other information which Franchisor deems, in its sole judgment, to be necessary to make its decision, or which have not been addressed in the written offer, and if such terms are undetermined between Franchisee and the bona fide third party/transferee, the thirty (30) day Right of First Refusal shall be extended for the number of days in which such term remains undetermined until an agreement is reached between Franchisee and the bona fide purchaser/transferee in writing and provided to Franchisor. If Franchisor chooses not to exercise its Right of First Refusal, Franchisee shall be free to proceed with the proposed sale or transfer, subject to Franchisor's written consents and the terms and conditions set forth elsewhere in this Agreement, and provided that Franchisee's sale or transfer substantially conforms to the terms and conditions of the written offer. The terms regarding this Right of First Refusal shall apply with each proposed sale or transfer, and any material change in the terms of any offer prior to the closing shall constitute a new offer and shall be subject to Franchisor's Right of First Refusal as set forth in this Article.

20. INSURANCE AND INDEMNIFICATION

20.1. Franchisee shall, during the term of this Agreement, obtain, pay for, and maintain minimum insurance as required by Franchisor from time to time, including commercial general liability insurance for bodily injury and property damage; products liability and contractual liability coverage; workers' compensation; and all coverage required by Franchisee's landlord. Property insurance must be carried on buildings and contents, along with insurance to cover loss of income and extra expenses following a loss that results in the shutdown of the Restaurant. Franchisee must also carry automobile liability insurance to include hired and non-owned automobile liability coverage.

20.2. Franchisee shall include Franchisor, and such additional parties as Franchisor may designate, as Additional Insureds on liability insurance policies, and loss payee on any property insurance on property in which Franchisor may have an interest. All policies required by this Article shall be endorsed to require a thirty (30) day notice to Franchisor of any pending cancellation or proposed modification of insurance coverage. Certificates of Insurance or certified copies of property and liability insurance policies, or such other evidence of coverage as may be requested by Franchisor, shall be provided to Franchisor upon request during the entire term of this Agreement.

20.3. In the event that the Restaurant incurs any casualty, property damage, or loss, Franchisee shall use all commercially reasonable efforts to restore the Restaurant as soon as possible to full operational capacity, in accordance with Franchisor's specifications, and in satisfaction of Franchisee's obligations under this Agreement, including but not limited to Franchisee's obligations under Section 10.2. Franchisee shall be relieved of paying Royalties during the restoration period, however, the Franchisor shall receive the same percentage as the Royalty of any business interruption proceeds received by the Franchisee.

20.4 All required insurance shall be obtained through reputable and responsible insurance companies acceptable to Franchisor. All policies shall extend to and provide indemnity for all obligations assumed by Franchisee under this Agreement and all other matters for which Franchisee is required to indemnify Franchisor.

20.5 If Franchisee at any time fails or refuses to maintain any insurance required by this Agreement or to furnish satisfactory evidence of effective coverage, Franchisor, at its option and in addition to its other rights and remedies, may obtain such insurance on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand all costs incurred by Franchisor in connection with obtaining the insurance. Franchisee must cooperate fully with Franchisor in its efforts (should it undertake to do so) to obtain such insurance.

20.6 In addition to any insurance obligation which Franchisee may have under this Agreement, Franchisee agrees to defend, at Franchisee's cost, with attorneys reasonably acceptable to Franchisor, indemnify, and hold harmless the Franchisor Indemnitees from and against all Losses and Expenses incurred in connection with any Proceeding or by or against the Franchisor Indemnitees or any settlement (whether or not a formal proceeding or action has been instituted), arising out of, resulting from, related to, or connected with the operation of Franchisee's business pursuant to this Agreement, unless such was the result of the gross negligence or willful misconduct of a Franchisor Indemnatee. The obligation to defend, indemnify, and hold harmless shall survive the expiration or termination of this Agreement and includes any loss in excess of Franchisee's insurance coverage.

21. DECLARATION OF DEFAULT

21.1. Franchisor will have the sole and absolute right to terminate this Agreement at any time prior to the opening of the Restaurant at the Licensed Location if Franchisor determines that: (a) any financial, personal, or other information provided by Franchisee to Franchisor is materially false, misleading, incomplete, or inaccurate; or (b) Franchisee has failed to materially comply with the pre-opening obligations set forth in this Agreement or as prescribed by Franchisor's Standards and Policies.

21.2. Franchisee acknowledges that Franchisor requires strict compliance with the System and all of the terms and conditions of this Agreement for the protection of Franchisor and all other operators of Village Inn Restaurants. Franchisor may declare a default, without giving Franchisee the opportunity to cure, on the happening of any of the following events:

(a) Franchisee filing or consenting to the filing of any petition for bankruptcy, reorganization, or other relief under any bankruptcy statute;

- (b) Franchisee being adjudicated bankrupt or insolvent;
- (c) Franchisee making any assignment or similar composition or agreement for the benefit of creditors;
- (d) Franchisee having its interests herein fall under execution unless, within the time permitted by law, Franchisee takes necessary steps to obtain a stay of execution and furnishes the requisite undertaking;
- (e) Franchisee or any of Franchisee's direct or indirect owners makes a Transfer in violation of Article 18 of this Agreement;
- (f) A receiver has been appointed for all or substantially all of Franchisee's assets or business and is not discharged or the appointment set aside within thirty (30) days of the appointment;
- (g) Any portion of the Restaurant or equipment, furnishing, or fixture located therein, or any interest which Franchisee may have in the Restaurant, equipment, furnishing, or fixture is taken in foreclosure of any mortgage, deed of trust, lien, or security interest, or if Franchisee loses the right to occupy the Licensed Location for any reason;
- (h) Franchisee, through its officers, directors, or any authorized employee or agent, knowingly makes any material misrepresentation or omits any material fact of any information provided to Franchisor;
- (i) Franchisee or any of its owners is convicted of or pleads guilty to a criminal charge that, in the discretion of Franchisor, adversely affects Franchisor's reputation, the Village Inn System, or the Restaurant; or
- (j) Franchisee defaults a third time in a twelve month period (regardless of whether the specific default had previously occurred), despite that Franchisee had defaulted but timely cured his/her/its performance on previous occasions.

21.3. In the event that Franchisee fails to pay any money due Franchisor pursuant to this Agreement or any other agreement existing between Franchisee or its affiliates and Franchisor or its affiliates, Franchisee shall be in default, and Franchisor shall be entitled to pursue its remedies under Article 22 of this Agreement if Franchisee does not cure the default within seven (7) days after written notice from Franchisor of the default.

21.4. Franchisor may pursue its remedies under Article 22 of this Agreement if Franchisee violates any other term or condition of this Agreement or the System and fails to cure the default within fifteen (15) days after receipt of written notice from Franchisor of the default. If the cure cannot be reasonably remedied within such period, Franchisee must at least commence the cure within the fifteen (15) day period and thereafter diligently and fully cure the default. For purposes of this Agreement, an alleged breach of this Agreement will be deemed cured only when Franchisee and Franchisor agree in writing. Further, this section is not applicable for a default under Section 21.2(j).

21.5. The provisions of this Article may be subject to statutes or regulations applicable to the Licensed Location which limit the grounds upon which a franchisee may be terminated or require additional prior written notice of default and opportunity to cure.

21.6. All cure periods under this Agreement and under any other agreement between Franchisee or its affiliates and Franchisor or its affiliates shall be deemed to run concurrently and not sequentially.

21.7. Subject to the consent of Franchisor, which will not be unreasonably withheld or delayed, Franchisee shall not be in default under this Agreement if Franchisee terminates operations at the Licensed Location, provided all of the following conditions are timely and completely fulfilled:

(a) Franchisee demonstrates to Franchisor a commercially reasonable business case demonstrating the profitability and desirability of closing the Restaurant at the Licensed Location and opening a replacement Restaurant within the territory, if applicable (determined with respect to the initial Licensed Location);

(b) Until Franchisee's replacement Restaurant is opened, Franchisee pays to Franchisor, as and when due, all weekly Royalty payments due under Article 5, above, and all marketing fees as required by Article 6, above, computed based upon the average Gross Sales from the Licensed Location over the 36-month period immediately preceding the closing of the Restaurant at the Licensed Location (or if 36 months have not been completed, the average annualized Gross Sales for the period from the opening of the Restaurant through the date of the Event of Default);

(c) Within six (6) months of such termination, Franchisee identifies a new Licensed Location, and such new Licensed Location is approved by Franchisor consistent with Franchisor's normal procedures and standards for approving locations of its franchised restaurants;

(d) Thereafter, Franchisee complies with the applicable provisions of Article 9, above, concerning the construction of a Restaurant at the new Licensed Location consistent with Franchisor's plans and specifications for franchised restaurants; and

(e) Franchisee opens the new Restaurant in accordance with the System and this Agreement no later than fifteen (15) months following the date of closing of the Restaurant at the initial Licensed Location.

22. FRANCHISOR'S RIGHTS UPON DEFAULT BY FRANCHISEE

22.1 In the event of a default by Franchisee which is not cured within the time allowed (if any), Franchisor shall have the right to pursue any or all of the following remedies:

(a) Terminate this Agreement and all other agreements existing between Franchisor or its affiliates and Franchisee or its affiliates.

(b) Obtain from Franchisee and/or any guarantor (i) all unpaid Royalties, Marketing Fees and other amounts due to Franchisor or its affiliates; (ii) all costs and expenses

(including attorneys' fees) incurred by Franchisor arising from Franchisee's default; and (iii) in the event of a unilateral closure of the Restaurant by Franchisee, Early Termination Damages calculated as follows:

(1) Compute the average monthly Royalties and Marketing Fee due for any consecutive twelve (12) month period within the forty-eight (48) months immediately preceding the closure date of the Restaurant, or, if the Restaurant has been open for less than twelve (12) months, the average monthly Royalties and Marketing Fee due since the opening of the Restaurant ("Monthly Average"); and

(2) Multiply the Monthly Average by the number of months remaining in the Term.

(3) The Early Termination Damages shall be considered damages and not a penalty, are not in lieu of other damages, and Franchisee's payment of these damages shall not constitute a release of any other obligation owed to Franchisor. Franchisor, Franchisee, each individual signing on behalf of Franchisee, and each guarantor guaranteeing Franchisee's obligations hereunder, hereby acknowledge and agree that Franchisor's losses due to Franchisee's unilateral closure of the Restaurant and/or termination of this Agreement would be highly difficult or impossible to calculate with reasonable certainty and, therefore, have agreed at the outset of this Agreement that the Early Termination Damages, and the formula for calculating these damages, constitutes a reasonable, good faith forecast of Franchisor's estimated losses and damages due to the premature closure of the Restaurant and/or termination of this Agreement.

(c) Apply to a court and receive injunctive relief in order to prevent the continuance of any existing default, or the occurrence of any threatened default of this Agreement or any related agreement between Franchisee and Franchisor, without the necessity of showing actual or threatened damage, and without being required to furnish a bond or other security.

(d) Apply to a court to have a receiver appointed to take possession of the Licensed Location and to implement any or all of Franchisor's remedies under this Agreement. Furthermore, all costs of such receivership, including any bond required to be furnished by Franchisor, shall be paid by Franchisee.

22.2 If Franchisee fails to comply with a written notice of termination sent by Franchisor, Franchisee shall be liable to Franchisor for damages resulting from such infringement, including, without limitation, and in addition to any fee paid or payable under this Agreement, all profits which Franchisee derived from the post-termination operation of the Restaurant and all attorney fees Franchisor incurs as a result of Franchisee's failure to comply with a written notice of termination.

22.3 Notwithstanding any other provision of this Agreement, in the event that Franchisee is in violation of any health code or in the event of any unsanitary condition or condition which has jeopardized or may jeopardize the health or safety of patrons of the Restaurant, Franchisor may require Franchisee to close the Restaurant immediately upon notice until the condition giving rise to such closure has been resolved to the satisfaction of Franchisor and applicable governmental

authorities. In the event such condition is not resolved within ten (10) days from the notice to close (or if such condition requires longer than ten (10) days to cure, then such longer period as determined by Franchisor, after consultation with Franchisee, to be necessary to cure such condition so long as during such period Franchisee takes all commercially reasonable efforts to diligently prosecute such cure to completion), this Agreement shall terminate with no further opportunity for Franchisee to cure.

22.4 Any specific right or remedy set forth in this Agreement - legal, equitable, or otherwise - shall not be exclusive, but shall be cumulative with all other rights and remedies set forth in this Article or allowed by this Agreement or by law.

23. ASSIGNMENT OF FRANCHISEE'S INTEREST AND LOCATION

23.1. If Franchisee leases the real property at the Licensed Location from a third party, the lease shall be submitted to Franchisor for approval prior to execution. Contemporaneously with the execution of such lease, Franchisee, the lessor of the Licensed Location, and Franchisor must enter into the option for assignment of lease attached hereto as Appendix B. If the lease is not satisfactory to Franchisor, or if Appendix B is not executed contemporaneously with the lease, Franchisor shall have the right to terminate this Agreement. Upon approval of such lease by Franchisor, no amendment, assignment, or sublease shall be made or entered into by Franchisee without Franchisor's prior written approval.

23.2. At Franchisor's request, Franchisee shall promptly execute a written Assignment consistent with this Article 23 for purposes of recording. In addition, Franchisee shall provide to Franchisor from time to time, upon request, a written Consent executed by any mortgagee with respect to the Licensed Location, if owned by Franchisee, or executed by Franchisee's landlord, if Franchisee leases the Licensed Location, consenting to the provisions of this Article 23 (which includes, but is not limited to, the option for assignment of lease attached hereto as Appendix B).

23.3. Franchisee shall not grant any security interest in this Agreement without Franchisor's prior written consent, which will not be unreasonably withheld. Franchisor's consent may be conditioned, in its sole discretion, on the written agreement by the secured party that, in the event of a default by Franchisee under any agreement related to the security interest, Franchisor shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

24. FRANCHISEE'S OBLIGATIONS UPON EXPIRATION OR TERMINATION

24.1. Upon the expiration or termination of this Agreement, Franchisee will:

(a) Immediately discontinue the use, in any manner and for any purpose, directly or indirectly, of all Marks, signs, structures, and forms of advertising indicative of Village Inn Restaurants or its business or products, and unless Franchisor continues the operation of the Restaurant, make or cause to be made all changes in signs, buildings, and structures as Franchisor may direct to effectively distinguish the business from its former appearance and other Village Inn Restaurants.

(b) Deliver to Franchisor all Operating Manuals, menus, advertising and training materials, forms, trade secrets, and proprietary information received from Franchisor or otherwise acquired by Franchisee in connection with the franchise relationship established by this Agreement.

(c) Execute all documents required by Franchisor necessary or appropriate to terminate Franchisee's license of the System and to de-identify the Restaurant and the Licensed Location as required by Franchisor and as contemplated by Section 24.1(d), below.

(d) Not thereafter use any Mark, name, insignia, slogan, symbol, design, or other characteristic, or use any food or menu item, recipe, or method of food preparation, or operate or do business under any name or in any manner that may reasonably confuse or tend to give the public the impression that Franchisee or any of its owners is in any way associated with Franchisor or Village Inn Restaurants.

(e) Cancel any fictitious name registration.

(f) Upon Franchisor's written notice to Franchisee within thirty (30) days after the termination or expiration of this Agreement, assign all telephone numbers, facsimile numbers, domain names, or other numbers, names, and telephone directory listings (collectively, "Listings") associated with any of the Marks or the Restaurant, and Franchisee must notify the telephone company, all telephone directory publishers, and all domain name registries and Internet service providers of the termination or expiration of Franchisee's right to use any Listing associated with the Restaurant, and authorize and instruct their transfer to Franchisor or to a third party at Franchisor's direction and/or to instruct the telephone company, domain name registries, and Internet service providers to forward all calls, e-mails, and electronic communications made to Franchisee's names, numbers, or addresses to names, numbers or addresses Franchisor specifies. Franchisee is not entitled to any compensation if Franchisor exercises this option.

24.2. If after notice, Franchisee shall fail or refuse to comply with the requirements of Section 24.1, then Franchisor shall have the right, in addition to all other remedies at law or in equity, to enter upon the premises, without liability and with or without court order or legal proceedings, and take all actions it deems necessary or appropriate, at Franchisor's sole and absolute discretion, for Franchisee to be in compliance, at Franchisee's expense, which Franchisee shall pay on demand.

24.3. The provisions in this Article shall survive the expiration or termination of this Agreement.

25. ARBITRATION

Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto or the relationship between the parties, or the entry, making, interpretation, or performance of either party under this Agreement ("Dispute"), which cannot be resolved by mediation or is not subject to mediation under the terms of this Agreement, shall be settled by binding arbitration administered

by the American Arbitration Association (“AAA”) before a single arbitrator in accordance with its Commercial Arbitration Rules as modified below, and pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq.

a. Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C. § 1051 et seq.), the laws of the State where the Franchised Business is located govern all rights and obligations of the parties under this Agreement without regard to conflict of law, and any arbitration shall take place before a sole arbitrator in the County of the State where the Franchised Business is located. The parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs and expenses of the arbitration, including the fees of the arbitrator and the reasonable attorneys’ fees of the prevailing party, against the party who did not prevail. This agreement to arbitrate shall survive termination or expiration of this Agreement. The parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a party, by consolidation, joinder, or in any other manner, any other person or entity, unless both parties to this Agreement consent in writing. Both parties shall have the absolute right to refuse such consent. The parties expressly waive any right to bring or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including any claim brought on their behalf by an association of which it, he or she is a member. At the request of either party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

b. The arbitrator will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA’s Commercial Arbitration Rules. Discovery shall be conducted according to the AAA Commercial Arbitration Rules.

c. Prior to the commencement of an arbitration proceeding, a party must notify the other party of its intent to commence arbitration by providing written notice to the other party that describes the facts and subject matter of the Dispute at least sixty (60) days prior to commencing arbitration with the AAA. During the sixty (60) days after a written notice of intent to arbitrate is received by either party, the parties must first mediate the Dispute with a mutually agreed upon private mediator. At the request of any party, the mediation will be confidential. The mediation shall be conducted in the County of the State where the Franchised Business is located, unless the parties mutually agree to a different location. The parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each party, including counsel fees and expenses. The mediation process will be deemed “Completed” when the parties agree that it has been completed, the mediator declares that any impasse exists, or sixty (60) days have elapsed since the date of the initiating party’s notice to the other party that it is initiating the mediation process, whichever occurs first.

d. Notwithstanding anything contained in this Agreement to the contrary, the provisions of the Dispute Resolution set forth in Article 25 of this Agreement do not apply to a Dispute where: (i) we bring an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action for damage to our goodwill, the Confidential

Information, the Proprietary Marks or for fraudulent conduct by you; or (ii) the delay resulting from the Dispute Resolution process set forth in this Agreement may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist), or may cause irreparable harm to Franchisor or its affiliates. For such Disputes, we may bring an action in any federal or state court having jurisdiction, whether for monetary damages, temporary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to us. You hereby consent to and waive any objection or defense and agree not to contest venue, forum non conveniens or jurisdiction of such court. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS

e. Disputes concerning the validity or scope of arbitration, including whether the Dispute is subject to arbitration, are beyond the authority of the arbitrator and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq., as amended from time to time.

f. To the extent Law permits, any Dispute arising out of or relating to this Agreement, whether in arbitration or in court, will be conducted only on an individual basis and not in a class, consolidated or representative action. Notwithstanding any other provision of this Agreement or the AAA Rules, Disputes regarding the interpretation, applicability, or enforceability of this class waiver may be resolved only by a court and not by an arbitrator. If this waiver of class or consolidated actions is deemed invalid or unenforceable, neither party is entitled to arbitration.

26. RELATIONSHIP OF PARTIES

26.1. This Agreement does not create any agency, employment, joint venture, partnership, or fiduciary relationship between the parties. The business to be operated by Franchisee pursuant to this Agreement or any other of Franchisee's businesses is separate and apart from any which may be operated by Franchisor. Franchisee is an independent contractor and is not authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Franchisee shall not make any contract, agreement, warranty, or representation on behalf of Franchisor or commit any act which may adversely affect any right or be detrimental to the good name and reputation of Franchisor, Village Inn Restaurants, or other franchisees of Franchisor or its affiliates. Franchisee shall indemnify, defend (with attorneys reasonably acceptable to Franchisor), and hold harmless Franchisor against all Losses and Expenses and Proceedings arising from Franchisee's breach of this provision.

26.2. Franchisee shall identify itself in all dealings with customers, vendors, public officials, employees, and others as the owner of the Licensed Location under a franchise granted by Franchisor. Should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's or Franchisee's affiliate's employees, Franchisee irrevocably agrees to timely respond to such assertions, including by providing the contents of Subsection 10.2(j) of the Agreement. If such assertions occur in the context of any private or government investigation, action, proceeding, arbitration, or other legal setting, Franchisee irrevocably agrees

to provide honest, truthful, and accurate information about the nature of the relationship between the parties, including (if necessary) appearing at any venue requested by Franchisor to testify about such issues (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits to provide honest, truthful, and accurate information regarding any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's or Franchisee's affiliates' employees).

26.3. Franchisee shall place such other notices of independent ownership on forms, business cards, checks, stationery, advertising, and other materials as Franchisor may require from time to time. Franchisee may file and renew (if required) the name, "Village Inn," under a certificate of Business Under Fictitious name (or equivalent) in accordance with the then applicable laws of the jurisdiction of the Licensed Location. However, such registration must indicate the corporate or legal name followed by "doing business as Village Inn Restaurant." Franchisee shall not use the words "Village Inn," "VI BrandCo", or "Franchisor," in whole or in part, or in any derivative form, in its legal or corporate name.

27. FRANCHISEE ORGANIZATION

Franchisee represents, warrants, and covenants that all direct, indirect, legal, or beneficial ownership interests ("Interests") in Franchisee are as set forth on Appendix A attached hereto and incorporated herein by reference, that no Interest has been pledged or hypothecated, and no change will be made in such Interests other than as permitted by this Agreement. Franchisee agrees to furnish to Franchisor such evidence as Franchisor may request from time to time, for the purpose of assuring Franchisor that the Interests of Franchisee remain as represented herein.

28. CONDEMNATION AND CASUALTY

28.1. Franchisee shall immediately notify Franchisor in writing of any proposed taking of any portion of the Licensed Location by a governmental branch or agency, or other empowered authority. To the extent that the taking is such that Franchisee cannot efficiently and economically operate a Village Inn Restaurant on the remainder of the premises, as determined by Franchisor, then Franchisee shall be allowed to (i) relocate the Restaurant, within one (1) year of the taking, to a new location within the territory, if applicable, subject to approval by Franchisor, including but not limited to any remodel plans fee; or (ii) terminate this Agreement as of the effective date of the taking. In the event the Restaurant is relocated as provided in (i) above, all terms and conditions of this Agreement will govern that location without change or modification, including all references to the territory, if applicable, meaning the territory, if applicable, defined with respect to the original Licensed Location.

28.2. If the Licensed Location is damaged by fire or other casualty, Franchisee shall promptly repair the damage in accordance with Franchisor's specifications and reopen the Restaurant as soon as reasonably practicable.

28.3. Nothing in this Article shall be construed as extending the term of this Agreement due to the closure of the Restaurant as the result of a public taking or casualty loss.

29. OTHER PROVISIONS

29.1. If any of the provisions of this Agreement violate or contravene any law, it shall be deemed severable and the remainder shall be in full force and effect unless such provision pertains to the payment of fees, the Marks, or trade secrets, in which case this Agreement shall terminate at Franchisor's option upon written notice to Franchisee. The failure of either party to exercise or enforce, at any time, or for any period of time, any of the provisions of this Agreement, shall not be construed as a waiver of such provision or the right of such party to exercise or enforce it at a later date. Furthermore, Franchisor's acceptance of Royalty or any other agreed or lawful charge shall not be deemed a waiver of any breach by Franchisee of any provision of this Agreement, regardless of Franchisor's knowledge of such breach at the time of acceptance and any legend, protest, or notice to the contrary placed on the check or transmittal letter for such fee or charge.

29.2. This Agreement supersedes all oral and prior written agreements, representations, and arrangements between the parties regarding the Village Inn franchise for the Licensed Location. All rights which the parties may have had under such prior written or oral agreements, if any, are canceled. Furthermore, there are no agreements between the parties superseding any of the provisions of this Agreement. No modifications of this Agreement shall be effective except those in writing hereafter made and signed by both parties.

29.3. The parties agree that there are no representations or warranties other than those set forth herein. Franchisee acknowledges that no officer, employee, independent contractor, or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement, and Franchisee agrees that it has executed this Agreement without reliance upon any other representation or promise.

29.4. Subject to applicable state or federal statute, Franchisor and Franchisee agree that any legal action (whether for arbitration, damages, injunctive, equitable, or other relief, including, but not limited to, rescission) to enforce any liability or obligation of the other arising from this Agreement or otherwise must be commenced within the later of (i) one year after the date of discovery of the facts resulting in such alleged liability or obligation or (ii) two years after the date of the first act or omission giving rise to such alleged liability or obligation, except such limitations shall not apply in the event of Franchisor's collection of any unpaid Royalties, Marketing Fee, Early Termination Damages and/or any other amount due to Franchisor or Franchisor's affiliate(s).

29.5. If any proceeding is brought by or against Franchisor for the purpose of enforcing, interpreting, or preventing the breach of this Agreement, whether by arbitration, judicial, or quasi-judicial action or otherwise, the prevailing party shall be awarded reasonable attorneys' fees, costs, and expenses in addition to all other relief. In any proceeding involving more than one claim where neither party prevails on all of the claims, the presiding authority (judge, arbitrator, etc.) shall apportion the costs, expenses, and reasonable attorneys' fees between the parties. The term, "attorneys' fees," means all related legal fees incurred, including, without limitation, legal fees incurred prior to, in preparation for, or in contemplation of the filing of any written demand or claim, action, hearing, or proceeding, and in all appellate proceedings, and all paralegal fees.

29.6. Except as specifically provided elsewhere in this Agreement, this Franchise Agreement shall be governed by the Lanham Act and the laws of the state in which the Restaurant

is located, irrespective of any conflict of laws. The parties agree that any dispute not subject to arbitration under Article 25 shall be litigated in the laws of the State where the Franchised Business is located. Nothing in this Section 29.6 is intended by the parties to subject this Agreement to any franchise, business opportunity, antitrust, consumer protection, or similar law, rule, or regulation to which this Agreement would not otherwise be subject. Further, the parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met.

29.7. Except as otherwise provided in this Agreement, the parties waive, to the fullest extent permitted by law, any right or claim to any punitive, exemplary, or multiple damages against the other and agree that, in the event of a dispute between them, each shall be limited to the recovery of actual damages sustained by it and any claim to liquidated damages that is expressly permitted in this Agreement. Franchisee and Franchisor waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class or collective action or suit, and any action brought under this Agreement shall be conducted on an individual basis. Franchisee acknowledges and agrees that this Section shall survive the termination or expiration of this Agreement.

29.8. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

29.9. Franchisee acknowledges that neither Franchisor nor any other party has guaranteed Franchisee's success in the business to be operated under this Agreement. Franchisee acknowledges that it has entered into this Agreement after making an independent investigation of the System, and that Franchisor has not made any representation, expressed or implied, as to the potential success of such business venture or the gross revenues, volume, profit, or earnings which Franchisee may be expected to realize. The business venture contemplated herein involves substantial risks and requires active management and participation in the daily affairs of the business and operational ability of Franchisee as an independent business entity.

29.10. All notices required to be given under this Agreement shall be in writing addressed as follows, and delivered personally or by facsimile transmission, with printed confirmation of successful transmission; certified or registered mail, first class postage prepaid, with return receipt requested; or a generally recognized overnight delivery service, with documentation of receipt and delivery charges assumed by the sender.

If to Franchisee: _____
Attention: _____

If to Franchisor: VI BrandCo, LLC
Attention: Legal Department
12701 Whitewater Drive, Suite 100
Minnetonka, Minnesota 55343-4164

Either party may change its above address by sending written notice to the other in the manner permitted above.

29.11. Caption and Article and Section titles are for convenience and shall not be used to interpret or construe any word, clause, paragraph, subsection, section, or article of this Agreement.

29.12. Any word in singular or plural form or identifying any pronoun shall extend to mean and include all of its other singular or plural forms or all other pronouns as may be applicable to the facts, context, or sense of this Agreement or any Article or Section.

29.13. If Franchisee is owned by more than one person or entity, the obligations and liabilities of its owners shall be joint and several.

29.14. Time is of the essence of this Agreement.

29.15. This Agreement shall be binding upon and inure to the benefit of Franchisor and Franchisee and their respective heirs, executors, administrators, successors, and assigns, subject to the restrictions on transfers as contained herein.

29.16. The covenants in this Agreement which require performance in whole or in part after the expiration or termination of this Agreement shall be enforceable regardless of the expiration or termination of this Agreement for whatever reason.

29.17. Franchisor and Franchisee intend for this Agreement to be a complete understanding of their interests, titles, rights, responsibilities, and obligations regarding the Village Inn Restaurant at the Licensed Location.

29.18. Franchisee acknowledges that this Agreement may not be identical to franchise agreements executed by Franchisor (or its predecessors) with other franchisees or future franchisees.

29.19. Except with respect to Section 26.3 and Franchisee's indemnity obligations under this Agreement, there are no third party beneficiaries to this Agreement.

29.20. Franchisor and Franchisee to this Agreement agree to deal with one another in good faith, honestly, and in a non-discriminatory manner in accord with recognized standards of fair dealing in the industry. Additionally, Franchisor and Franchisee agree to exercise any discretion granted to them in this Agreement in a reasonable manner.

29.21. If an event occurs at the Restaurant that has or reasonably may cause harm or injury to customers, guests, or employees (i.e., food spoilage/poisoning, food tampering/sabotage, slip and fall injuries, natural disasters, robberies, shootings, etc.) or may damage the Marks, the System, or the reputation of Franchisor (collectively "Crisis Situation"), Franchisee shall (i) immediately contact appropriate emergency care providers to assist it in curing the harm or injury, and (ii) immediately inform Franchisor by telephone and electronically of the Crisis Situation. Franchisee shall refrain from making any internal or external announcement (i.e., no communication with the news media) regarding the Crisis Situation (unless otherwise directed by Franchisor or public health officials).

To the extent Franchisor deems appropriate, in its sole and absolute discretion, Franchisor or its designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons, and/or temporarily closing the Restaurant. The parties acknowledge that, in directing the management of any Crisis Situation, Franchisor or its designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms, and those other professionals as it deems appropriate. Franchisee and its employees shall cooperate fully with Franchisor or its designee in its efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by Franchisor hereafter. The indemnification under Section 20.6 shall include all losses and expenses that may result from the exercise by Franchisor or its designee of the management rights granted in this Section 29.21.

29.22. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (“Order”), Franchisor is 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, Franchisee represents and warrants to Franchisor that, as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Order as a person with whom business may not be transacted by Franchisor, and that Franchisee: (i) does not, and hereafter shall not, engage in any terrorist activity; (ii) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (iii) is 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.

30. COMPLIANCE WITH STATUTORY DISCLOSURE REQUIREMENTS

Franchisee acknowledges that it has, at least fourteen (14) calendar days prior to the execution of this Agreement, received Franchisor’s Disclosure Document and that Franchisee has read the Disclosure Document.

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

Franchisor:

VI BrandCo, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____,
a _____

By: _____
Name: _____
Title: _____

APPENDIX A

OWNERSHIP OF FRANCHISEE AND PERSONAL GUARANTY

Name	Percentage Ownership	Type of Ownership

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this “Personal Guaranty”) is made and entered into this _____ day of _____, 20____, by and between VI BrandCo, LLC, a Delaware limited liability company (“VI BrandCo”), and each one of the undersigned personal guarantors (the “Personal Guarantors”).

WHEREAS, VI BrandCo and _____ (“Franchisee”) have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised Village Inn® Restaurant at the Franchised Location set forth in the Franchise Agreement (the “Franchise Agreement”).

WHEREAS, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by VI BrandCo, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby

become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by Franchisee.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete and indemnification obligations, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. Each one of the Personal Guarantors acknowledge having received a copy of the Franchise Agreement which is incorporated herein by reference.

Default of Franchisee. If Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to VI BrandCo the Initial Fee, Royalty Fees, Marketing Fund Fees and all other fees and monies due and payable to VI BrandCo under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by Franchisee from VI BrandCo or any Affiliate of VI BrandCo.

Non-Compliance by Franchisee. If Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of Franchisee.

Obligations of Franchisee. If Franchisee is at any time in default on any obligation to pay monies to VI BrandCo or any Affiliate of VI BrandCo, whether for the Initial Fee, Royalty Fees, Marketing Fund Fees, goods or services purchased by Franchisee from VI BrandCo or any Affiliate of VI BrandCo, or for any other indebtedness of Franchisee to VI BrandCo or any Affiliate of VI BrandCo, then each of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by Franchisee to VI BrandCo or any Affiliate of VI BrandCo upon default by Franchisee.

Liability. Upon demand by VI BrandCo, each one of the Personal Guarantors, jointly and severally, will immediately make each payment required of Franchisee under the Franchise Agreement.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of VI BrandCo.

Jurisdiction and Venue. Except as precluded by applicable law, all arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement and each one of the Personal Guarantors agree to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

/SIGNATURE PAGE FOLLOWS/

PERSONAL GUARANTORS

Signature

Print Name

Address

City, State and Zip Code

Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

APPENDIX B

OPTION FOR ASSIGNMENT OF LEASE

THIS AGREEMENT is by and between:

VI BrandCo, LLC
 (“**Optionee**”)

Street Address: 12701 Whitewater Drive, Suite 100

City, State: Minnetonka, Minnesota 55343-4164

Franchisee/Lessee: _____ (“**Franchisee**”)

Street Address: _____

City, State: _____

and

Lessor: _____

Street Address: _____

City, State: _____

Location: _____

Lease Agreement Date: _____

Effective Date of Franchise Agreement: _____

WHEREAS, Franchisee has entered into or intends to enter into a Lease Agreement, as Lessee, with Lessor for the location identified above in conjunction with the opening or continuation of a Village Inn Restaurant under a Franchise Agreement between Franchisee and Optionee (the “**Franchise Agreement**”); and

WHEREAS, Optionee and Franchisee agree and intend that Franchisee, as Lessee, shall use the location solely and exclusively for the operation of a franchised Village Inn Restaurant and that, in connection therewith, Lessee is agreeable to grant an option to Optionee on the terms and conditions set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Franchisee, as Lessee, does hereby grant to Optionee an option to acquire Lessee’s interest in and to the Lease Agreement and the location leased thereunder (the “**Option**”).

2. Optionee shall have the right to exercise the Option, at its sole discretion, in the event of any of the following:

A. A default under the Lease Agreement caused by the failure of Franchisee to make monthly rental payments on the location to Lessor when due;

B. A default under the Lease Agreement caused by the failure of Franchisee to comply with the terms and conditions of said Lease Agreement for said location;

C. A default under the Franchise Agreement caused by the failure of Franchisee to comply with the terms and conditions of the Franchise Agreement; including but not limited to, failure to make payments for royalties, license fees, advertising fees and state and federal taxes due and owing; or

D. Termination of the Franchise Agreement by the Optionee.

With respect to (A) and (B) above, this Option shall be exercised, if at all, within thirty (30) days after receipt by Optionee of notice of such default by Lessor.

3. Exercise of the option shall effectuate the grant, assignment and transfer to Optionee by Franchisee of all rights, title and interest of Franchisee in and to the Lease Agreement, and the location leased thereunder and all leasehold improvements.

4. Lessor and Franchisee agree that an exercise of the option by Optionee shall not make Optionee liable for unpaid rent or any other obligations of Franchisee to Lessor in connection with the Lease Agreement arising prior to the exercise of the Option. In the event of the exercise of the Option, Franchisee shall remain solely liable and Lessor shall look solely to Franchisee for any unpaid rents or obligations existing prior to the time of exercise of the Option by Optionee. The Option is applicable to any extensions, renewals or other options of Franchisee with respect to the Lease Agreement.

5. Notices to be sent or served upon any of the parties hereto shall be delivered to a party at the address set forth next to such party's name above, by personal delivery or by postage prepaid certified or registered United States mail.

6. This Agreement shall be binding upon the respective heirs, executors, successors, assigns and legal representatives of the parties hereto.

7. This Agreement shall be interpreted and governed under the laws of the state where the Restaurant is located.

8. Failure of Optionee to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement.

9. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or parts of provisions thereof.

This Agreement is executed between the parties and shall be effective on and after the _____ day of _____, 20____.

OPTIONEE:

FRANCHISEE:

VI BRANDCO, LLC

By:_____

By:_____

Its:_____

Its:_____

LESSOR:

By:_____

Its:_____

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The VI BrandCo, LLC Franchise Agreement between _____ (“Franchise Owner” or “You”) and VI BrandCo, LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the “Addendum”):

CALIFORNIA LAW MODIFICATIONS

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:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the State where the Franchised Business is located with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement,

or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

VI BrandCo, LLC (“FRANCHISOR”)

By: _____
Title: _____
Date: _____

(“FRANCHISE OWNER”)

By: _____
Title: _____
Date: _____

**ADDENDUM TO FRANCHISE DOCUMENTS
(FOR THE STATE OF HAWAII)**

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF HAWAII) (“Addendum”) dated _____ (“Addendum Effective Date”) to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between _____ (“Franchisee”) and VI BRANDCO, LLC, a Delaware limited liability company (“Franchisor”) hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

1. The Director of the Hawaii Department of Commerce and Consumer Affairs requires that certain provisions contained in franchise documents be amended to be consistent with Hawaii law, including the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E-1 through 482E-12 (1988). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Law, the Law will control. Among those rights, the law may require that upon termination or non-renewal Franchisor purchase for fair market value Franchisee’s inventory, supplies, equipment and furnishings purchased from Franchisor or a supplier designated by Franchisor; provided that personalized materials which have no value to Franchisor need not be compensated for. If the non-renewal or termination is for the purpose of converting the Franchisee’s business to one owned and operated by Franchisor, Franchisor may, additionally, be obligated to compensate the Franchisee for loss of goodwill. Franchisor may deduct all amounts due from Franchisee and any costs related to the transportation or disposition of items purchased against any payment for those items. If the parties cannot agree on fair market value, fair market value shall be determined in the manner set forth in the Franchise Agreement. If the Franchise Agreement does not provide for determination of fair market value of assets for purchase by Franchisor, such amount will be determined by an independent appraiser approved by both parties, and the costs of the appraisal shall be shared equally by the parties.**

- b. If the Franchisee is required in the Franchise Documents to execute a release of claims, such release shall exclude claims arising under the Hawaii Franchise Investment Law. Any condition, stipulation or provision binding the Franchisee to waive compliance with any provision of Section 482E-6 of the Hawaii Franchise Investment Law shall be void.**
- c. The requirement of a franchisee to purchase or lease goods or services of the franchisor or from designated sources may not be enforceable under Hawaii Franchise Investment law unless it is reasonably necessary for a lawful purpose, and does not substantially affect competition.**
- d. The Hawaii Franchise Investment Law prohibits the Franchisor from establishing a similar business or granting a franchise for the establishment of a similar business to that of the Franchisee's within the Franchisee's exclusive territory. To the extent the Franchise Documents contain a provision that is inconsistent with the Act, the Act will control.**
- e. 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. Section 482E-3(a) of the Hawaii Franchise Investment Law requires us to give you a copy of the Franchise Disclosure Document at least 7 calendar days prior to signing the Agreement.

3. The Franchise Documents permits us to terminate the Agreement upon your bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C. §101, et seq.).

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Agreement shall remain in full force and effect.

[Signature Page Follows.]

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR:

VI BRANDCO, LLC, a Delaware limited liability company

FRANCHISEE:

_____,

By: _____
[Name, Title]

By: _____
[Name, Title]

By: _____
[Name, Title]

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The VI BrandCo, LLC Franchise Agreement between _____ (“Franchise Owner” or “You”) and VI BrandCo, LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Addendum”):

ILLINOIS LAW MODIFICATIONS

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.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

[SIGNATURE PAGE FOLLOWS]

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

VI BrandCo, LLC (“FRANCHISOR”)

By: _____
Title: _____
Date: _____

(“FRANCHISE OWNER”)

By: _____
Title: _____
Date: _____

**ADDENDUM TO FRANCHISE DOCUMENTS
(FOR THE STATE OF INDIANA)**

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF INDIANA) (“Addendum”) dated _____ (“Addendum Effective Date”) to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] dated _____, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between _____ (“Franchisee”) and VI BRANDCO, LLC, a Delaware limited liability company (“Franchisor”) hereby amends the Franchise Documents by the addition of the following language, which shall be considered an integral part of the Agreement. To the extent this Addendum contains terms and conditions that differ from those contained in the Franchise Documents, this Addendum shall control. The parties agree that a concept or principle covered in this Addendum shall apply and be incorporated into all other provisions of the Franchise Documents in which the concept or principle is also applicable, notwithstanding the absence of any specific cross-reference thereto. All capitalized terms not otherwise defined in this Addendum will have the same meanings ascribed to such terms in the Franchise Documents.

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1-51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-27 (1985). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. If the Franchisee is required in the Franchise Documents to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgements shall be void with respect to claims under the Act.
- c. If the Franchise Agreement contains covenants not to compete upon expiration or termination of the Franchise Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.
- d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Agreement by Franchisor requires written consent of

the Franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

- e. If the Franchise Documents requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §§ 23-2.2.7(10).**
- f. If the Franchise Documents requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.**
- g. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the waiver of claims or rights. To the extent the Franchise Documents contains a provision that is inconsistent with the Act, the Act will control.**
- h. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the time period to bring an action against the Franchisor. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.**
- i. The Indiana Deceptive Franchise Practices Act prohibits the Franchisor from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory, regardless of trade name. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.**
- j. The Indiana Deceptive Franchise Practice Act excludes any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.**
- k. If the Franchise Agreement requires goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories or services of comparable quality are available from sources other than those designated by the franchisor, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control. Providing a list of approved suppliers to comply with specifications and standards prescribed by Franchisor does not constitute designation of a source under the Indiana Deceptive Franchise Practices Act.**
- l. 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. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the Agreement; or (ii) 10 days prior to our receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum, the terms and provisions of the Franchise Documents shall remain in full force and effect.

IN WITNESS WHEREOF, each party hereto, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective party without further consent or approval of any kind, has duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR:

FRANCHISEE:

VI BRANDCO, LLC, a Delaware limited liability company

By: _____
[Name, Title]

By: _____
[Name, Title]

By: _____
[Name, Title]

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The VI BrandCo, LLC Franchise Agreement between _____ (“Franchise Owner” or “You”) and VI BrandCo, LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the “Addendum”):

MARYLAND LAW MODIFICATIONS

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:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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

2. 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.

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

4. 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.

VI BrandCo, LLC (“FRANCHISOR”)

By: _____
Title: _____
Date: _____

(“FRANCHISE OWNER”)

By: _____
Title: _____
Date: _____

ADDENDUM TO FRANCHISE DOCUMENTS

(FOR THE STATE OF MICHIGAN)

Section 445.1508(1) of the Michigan Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to franchisor's receipt of any consideration.

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

- (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.
- (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.

Any questions regarding this Notice shall be directed to :

STATE OF MICHIGAN
DEPARTMENT OF THE ATTORNEY GENERAL
ATTENTION: FRANCHISE SECTION
P.O. BOX 30213
LANSING, MICHIGAN 48909
(517) 373-7117

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The VI BrandCo, LLC Franchise Agreement between _____
("Franchise Owner" or "You") and VI BrandCo, LLC ("Franchisor") dated _____
(the "Franchise Agreement") shall be amended by the addition of the following language, which
shall be considered an integral part of the Franchise Agreement (the "Addendum"):

MINNESOTA LAW MODIFICATIONS

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.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

[Signature Page Follows.]

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

VI BrandCo, LLC (“FRANCHISOR”)

By: _____

Title: _____

Date: _____

(“FRANCHISE OWNER”)

By: _____

Title: _____

Date: _____

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The VI BrandCo, LLC Franchise Agreement between _____
("Franchise Owner" or "You") and VI BrandCo, LLC ("Franchisor") dated _____
(the "Franchise Agreement") shall be amended by the addition of the following language, which
shall be considered an integral part of the Franchise Agreement (the "Addendum"):

NEW YORK LAW MODIFICATIONS

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:

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

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

The New York Franchise Law shall govern any claim arising under that law.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

[Signature Page Follows.]

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

VI BrandCo, LLC (“FRANCHISOR”)

By: _____

Title: _____

Date: _____

(“FRANCHISE OWNER”)

By: _____

Title: _____

Date: _____

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The VI BrandCo, LLC Franchise Agreement between _____ (“Franchise Owner” or “You”) and VI BrandCo, LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the “Addendum”):

NORTH DAKOTA LAW MODIFICATIONS

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:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota

law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

VI BrandCo, LLC ("FRANCHISOR")

By: _____
Title: _____
Date: _____

("FRANCHISE OWNER")

By: _____
Title: _____
Date: _____

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

The VI BrandCo, LLC Franchise Agreement between _____
("Franchise Owner" or "You") and VI BrandCo, LLC ("Franchisor") dated _____
(the "Franchise Agreement") shall be amended by the addition of the following language, which
shall be considered an integral part of the Franchise Agreement (the "Addendum"):

RHODE ISLAND LAW MODIFICATIONS

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:

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

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

[Signature Page Follows.]

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

VI BrandCo, LLC (“FRANCHISOR”)

By: _____

Title: _____

Date: _____

(“FRANCHISE OWNER”)

By: _____

Title: _____

Date: _____

**ADDENDUM TO
VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR STATE OF SOUTH DAKOTA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective this ____ day of _____, 20____, by and between VI BrandCo, LLC, a Delaware limited liability company (“Franchisor”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Franchisor and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

1. The covenant not to compete upon termination or expiration of the Franchise Agreement contained in Article 21.3 of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.
2. Arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location.
3. Any provision of the Franchise Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires Franchisee to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.
4. Any provisions of the Franchise Agreement which require that actions be commenced within one year and that limit the parties’ rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.
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.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

[Signature Page Follows.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

VI BRANDCO, LLC

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

**ADDENDUM TO VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF VIRGINIA**

The VI BrandCo, LLC Franchise Agreement between _____
("Franchise Owner" or "You") and VI BrandCo, LLC ("Franchisor") dated _____
(the "Franchise Agreement") shall be amended by the addition of the following language, which
shall be considered an integral part of the Franchise Agreement (the "Addendum"):

VIRGINIA LAW MODIFICATIONS

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."

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

4. 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.

[Signature Page Follows.]

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

VI BrandCo, LLC (“FRANCHISOR”)

By: _____

Title: _____

Date: _____

(“FRANCHISE OWNER”)

By: _____

Title: _____

Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgements.** 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.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

VI BrandCo, LLC (“FRANCHISOR”)

By: _____
Title: _____
Date: _____

(“FRANCHISE OWNER”)

By: _____
Title: _____
Date: _____

**ADDENDUM TO
VI BRANDCO, LLC
FRANCHISE AGREEMENT
FOR STATE OF WISCONSIN**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective this ____ day of _____, 20____, by and between VI BrandCo, LLC, a Delaware limited liability company (“Franchisor”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Franchisor and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

If applicable, the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of the Franchise Agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

VI BRANDCO, LLC

By _____
Signature

Print Name

Its _____
Title

Legal Name of Franchisee

By _____
Signature

Print Name

Its _____
Title

EXHIBIT A-2

TO THE FRANCHISE DISCLOSURE DOCUMENT

**Asset Purchase Agreement
(For Sale of a Corporate Store to a Franchisee)
with
Promissory Note and Security Agreement and Guaranty (if applicable)**

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT ("Agreement"), dated _____ ("Execution Date") and which will be effective as of the Closing Date as defined in Section 6(a) below is by and between [SELLING ENTITY], a [state] [Corporation/Limited Liability Company, etc.] [LIQUOR LICENSE ENTITY if applicable] ("Seller" or as may be applicable the "Seller Parties"), and _____, a [state] [Corporation/Limited Liability Company, etc.] ("Purchaser"). Seller [or as applicable the Seller Parties] and Purchaser may also be referred to in this Agreement each individually as a "Party" and collectively as the "Parties."

Recitals

A. Seller owns certain assets of, maintains certain licenses of, and operates Village Inn restaurant no. _____ ("Franchised Business") located at [restaurant address, city and state] ("Premises"). [LIQUOR LICENSE ENTITY if applicable] owns certain assets of and maintains certain licenses of the Franchised Business [and executed a master lease] with respect to the Premises.

B. [LEASING ENTITY,] a(n) _____ affiliated with Seller ("Sublessor"), has executed a lease with respect to the Premises. [MONTH TO MONTH LANGUAGE IF APPLICABLE: Notwithstanding the foregoing, the Lease Agreement is currently on a month-to-month basis, and Purchaser is currently in direct negotiations with the landlord for the Premises to enter into a new lease directly with the landlord. Upon execution of said newly negotiated lease, the Lease Agreement shall be terminated and become null and void.]

C. Seller desires to sell and transfer to Purchaser, and Purchaser desires to purchase and acquire from Seller, substantially all of the assets owned by Seller and to be used in connection with the operation of the Franchised Business.

D. In conjunction with the execution of this Agreement, Purchaser executed a franchise agreement[, as amended,] to be effective as of the Closing Date (collectively, the "Franchise Agreement") with [FRANCHISOR ENTITY,] a(n) _____ affiliated with Seller ("Franchisor").

E. In conjunction with the execution of this Agreement, Purchaser executed a sublease to be effective as of the Closing Date ("Sublease Agreement") with Sublessor and shall comply with all terms and conditions in the Sublease, including but not limited to, paying any additional security deposits, if required. [MONTH TO MONTH LANGUAGE IF APPLICABLE: Notwithstanding the foregoing, the Sublease Agreement is currently on a month-to-month basis and may be terminated by Sublessor with thirty (30) days prior written notice to Purchaser. As stated above, Purchaser is currently in direct negotiations with the landlord for the Premises to enter into a new lease directly with the landlord and upon execution of said newly negotiated lease, the Sublease Agreement shall be terminated and become null and void.]

Agreement

NOW, THEREFORE, in consideration of the foregoing promises and the mutual covenants and

agreements contained herein, including the foregoing Recitals which are hereby incorporated in and made a part of this Agreement, the Parties hereby agree as follows:

1. The foregoing Recitals are hereby incorporated in and made a part of this Agreement.

2. **Sale of Assets.**

(a) **The Transferred Assets.** On the Closing Date (as defined in Section 6(a), below), Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase and acquire from Seller, all of the furniture, fixtures and equipment and other items owned by Seller and to be used in connection with the Franchised Business (excluding cash, company record books and tax records) (collectively, "Transferred Assets")[, and to Seller's knowledge, free and clear of all liens, claims, charges, encumbrances and security interests of any nature or type whatsoever][**OR**][subject to the terms of the Franchise Agreement]. A list of the Transferred Assets is attached hereto as **Schedule 1 to Exhibit A.** Seller makes no representation or warranty, express or implied, regarding the merchantability of the Transferred Assets or the condition or quality thereof AND HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE and the Parties hereby agree that the Transferred Assets are being purchased in as "**AS IS**" condition. Each reference in this Agreement to the "Transferred Assets" of the Franchised Business shall mean and refer to the following:

- (i) All of the fixtures, equipment, signs and other tangible assets of the Franchised Business ("Equipment") as may be more fully described on **Schedule 1** attached to this Agreement and incorporated into this Agreement by reference.
- (ii) [IF LIQUOR LICENSE: The State of [_____] [State Agency Name] ("____") liquor license no. [_____] issued on [_____] and maintained by [entity] and used by [entity] in the operation of the Franchised Business ("License"), to the extent that such license is fully transferable or partially transferable in connection with Purchaser securing its own continuing operations permit (or something similar) with the [State Agency Name].

(b) **Excluded Assets.** The following assets shall be excluded from this transaction ("Excluded Assets"):

- (i) All cash in any safe located at the Franchised Business or any cash in banks and/or other financial institution accounts associated with the Franchised Business.
- (ii) The business records which relate to the operations of the Franchised Business for all periods prior to the date immediately preceding the Closing Date ("Business Records").
- (iii) All refunds of federal, state or local income or franchise taxes or worker's compensation insurance premiums due to Seller, as may be applicable, as of the date immediately preceding the Closing Date.
- (iv) All intellectual property rights of either Seller and/or Franchisor, as applicable.

(c) **Inventory.** The Purchase Price (as defined in Section 3) does not include: (i)

consumable inventory including food products, perishables and paper products; or (ii) cash on hand.

3. Purchase Price.

- (a) In consideration of the sale of the Transferred Assets, Purchaser shall pay:

Simultaneously with the execution and delivery of this Agreement, the Purchase Price (as defined in Section 3(b) below) by electronic funds transfer, wire transfer, or cashiers' or certified check of immediately available funds.

- (b) The "Purchase Price" is XX Dollars (**\$XX**), which shall be allocated as follows: [(i) XX Dollars (**\$XX**) to the leasehold improvements at the Premises;] [(ii) XX Dollars (**\$XX**) to the Transferred Assets, including all furniture, fixtures and equipment, as more fully described in **Schedule 1** to the Bill of Sale, attached hereto as **Exhibit A**, and incorporated herein by reference.]

4. Representations and Warranties.

- (a) To induce Purchaser to enter into this Agreement and to perform Purchaser's obligations hereunder, and with full knowledge that Purchaser will rely thereon, Seller represents and warrants as follows:
- (i) Seller has title to and rightful possession to the Transferred Assets, and each of the Transferred Assets is and shall, upon the delivery thereof to Purchaser, be free and clear of recorded and publicly available liens, claims, charges, encumbrances and security interests.
 - (ii) Seller is a limited liability company duly organized, validly existing and in good standing under the law of the State of [State].
 - (iii) Seller has full right, power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby.
 - (iv) This Agreement has been duly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.
 - (v) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will conflict with, violate or result in a breach of or default under (with or without the giving of notice or the passage of time, or both): (a) any license, instrument, contract or agreement to which Seller is a party or by which Seller is bound, or (b) the articles of incorporation or the bylaws of Seller. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will result in the creation of any lien, claim, charge, encumbrance or security interest of any nature or type whatsoever with respect to the Transferred Assets. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will require any consent or approval of, or any filing with, any governmental entity or other person.

- (vi) On the Closing Date, the Transferred Assets are being purchased in “**AS IS**” condition and will comprise all of the assets and property necessary to conduct the Franchised Business in accordance with Franchisor’s confidential operations manual (“Confidential Manual”).
 - (vii) The development and/or conduct of the Franchised Business, and the ownership and use of the Transferred Assets in accordance with Franchisor’s Confidential Manual, complies, or will (as of the Closing Date) comply, with all applicable federal, foreign, state and local laws, regulations and ordinances; provided, however, that Purchaser may be required to obtain certain licenses and permits in connection with the operation of the Franchised Business.
- (b) To induce Seller to enter into this Agreement and to perform Seller’s obligations hereunder, and with full knowledge that Seller will rely thereon, Purchaser represents and warrants as follows:
- (i) Purchaser is a [type of entity] duly organized, validly existing and in good standing under the law of the State of [state].
 - (ii) Purchaser has full right, power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby.
 - (iii) This Agreement has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms.
 - (iv) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will conflict with, violate or result in a breach of or default under (with or without the giving of notice or the passage of time, or both): (a) any license, instrument, contract or agreement to which Purchaser is a party or by which Purchaser is bound, or (b) the certificate of incorporation or the bylaws (or other comparable charter documents) of Purchaser. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will require any consent or approval of, or any filing with, any governmental entity or other person.
 - (v) Purchaser acknowledges that:
 - (a) There are several potential locations for the location of Purchaser’s Village Inn restaurant;
 - (b) The decision to establish and operate Purchaser’s Village Inn restaurant at the Premises was made solely by Purchaser, without any reliance upon any information provided (if any), recommendation made (if any) or approval given by Seller, any area representative, Sublessor, or any of their respective shareholders, directors, officers, employees, representatives, agents or affiliates;
 - (c) Seller’s selection and approval of the Premises as a site for a Village

Inn restaurant provides no assurance or guaranty as to Purchaser's results of operations in connection with its Village Inn restaurant at the Premises;

- (d) Purchaser has reviewed the lease (including all amendments and addendums) with respect to the Premises and approves of the terms thereof, including rental payment amounts;
- (e) Purchaser accepts full responsibility for the consequences of Purchaser's decision to open and operate a Village Inn restaurant at the Premises.

5. Interim Period [ONLY IF APPLICABLE].

- (a) Between the Execution Date and the Closing Date, as applicable, Seller has operated the Franchised Business, in accordance with Seller's standard operating procedures for operating Village Inn restaurants and the Franchised Business is open to the public for business.
- (b) Purchaser shall attend Franchisor's training program, if so required by Franchisor in the Franchise Agreement.

6. Closing.

- (a) Subject to the conditions set forth in Sections 6(b) and 6(c) hereof, the transactions contemplated by this Agreement shall be consummated on the date that Seller turns over the Franchised Business to Purchaser which is estimated to be on or around _____ ("Closing Date") at an office designated by Seller or at another mutually agreeable location.
- (b) The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions, any of which may be waived by Seller, in its sole discretion. Purchaser shall use its best efforts to cause each and every one of the following conditions to be satisfied at or before the Closing Date.
 - (i) Purchaser shall have delivered to Seller the Purchase Price as set forth in Section 3 of this Agreement;
 - (ii) Purchaser shall have executed and delivered to Franchisor the Franchise Agreement and to Sublessor the Sublease with respect to the Premises, in the forms then being executed by new franchisees of Franchisor and sublessees of Sublessor;
 - (iii) Purchaser shall have delivered to Sublessor the Sublease Security Deposit in the amount of _____ Dollars (\$_____) as defined in the Sublease [and a Lease Security Deposit in the amount of _____ Dollars (\$_____) as defined in the Sublease in connection with the Premises as contemplated by the Sublease and pursuant to Section 6(d) below, as applicable;

- (iv) Purchaser shall have delivered to Franchisor the Initial Franchise Fee in the amount of _____ Dollars (\$_____) as defined in the Franchise Agreement; and
- (v) The representations and warranties of Purchaser contained in this Agreement shall be true and correct on and as of the Closing Date, and each and all of the terms, covenants, conditions and agreements to be performed or complied with by Purchaser on or before the Closing Date shall have been performed or complied with. This provision shall be self-executing, and the consummation of the transactions contemplated by this Agreement by Purchaser shall constitute Purchaser's certification of the conditions stated herein.

Assuming that Seller satisfied all of the conditions precedent contained in Section 6(c), if any of the requirements of this Section 6(b) have not been satisfied by the Closing Date, Purchaser shall be in breach of its obligations hereunder.

- (c) The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions, any of which may be waived by Purchaser, in its sole discretion. Seller shall use its best efforts to cause each and every one of the following conditions to be satisfied at or before the Closing Date.
 - (i) As of the Closing Date, there shall have been no material adverse change in the Franchised Business, the Transferred Assets or the Premises, or the condition thereof, since the Execution Date of this Agreement, other than changes contemplated by Section 6;
 - (ii) Seller shall have delivered to Purchaser the Bill of Sale executed by Seller; and
 - (iii) The representations and warranties of Seller contained in this Agreement shall be true and correct on and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date; and each and all of the terms, covenants, conditions and agreements to be performed or complied with by Seller on or before the Closing Date shall have been performed or complied with. This provision shall be self-executing, and the consummation of the transactions contemplated by this Agreement by Seller shall constitute Seller's certification of the conditions stated herein.

Assuming that Purchaser has satisfied all of the conditions precedent contained in Section 6(b) if any of the requirements of this Section 6(c) (other than the requirement contained in clause (i) if such material adverse change shall be beyond the control of Seller) has not been satisfied by the Closing Date, Seller shall be in breach of its obligations hereunder.

- (d) The rent payable pursuant to the lease for the Premises shall be paid by Sublessor

for the month in which the Closing Date occurs and Purchaser shall pay to Sublessor (on a per diem basis, based upon a thirty (30)-day month) an amount equal to the rent prepaid by Sublessor with respect to the period on and after the Closing Date, via an EFT, ACH, or other type of debit authorized by Seller or Sublessor, as may be applicable will bill Purchaser for such pro-rated rent amount.

- (e) Seller shall be responsible for all compensation to employees of the Franchised Business for the period through the date immediately preceding the Closing Date. Purchaser shall be responsible for all compensation to employees of the Franchised Business for the period on and after the Closing Date. Notwithstanding anything contained in this Agreement to the contrary, Purchaser shall not be obligated to employ any of Seller's employees after the Closing Date.
- (f) Seller shall be responsible for all costs, fees and expenses relating to the Franchised Business, including but not limited to CAM reconciliation charges, and property taxes, on a pro-rated basis for the period through the date immediately preceding the Closing Date. Purchaser shall be responsible for all costs, fees and expenses relating to the Franchised Business, including but not limited to, CAM reconciliation charges, property taxes, etc., on a pro-rated basis for the period on and after the Closing Date.
- (g) As of and after the Closing Date, Purchaser shall assume, acquire, take over, become responsible for, and promise to pay all contracts, leases, agreements and other liabilities (collectively the "Assumed Liabilities") in connection with the Franchised Business except for those contracts, leases, agreements and other liabilities which are specifically excluded as set forth below:

__[List all contracts, leases, agreements and other liabilities which Purchaser is NOT assuming] OR [List "None"] __

- (h) Purchaser shall indemnify, defend and hold Seller free and harmless from and against any and all "Losses" (as defined below), which Seller shall incur or suffer which arise or result from the operation or conduct of the business of the Franchised Business by Purchaser as of and after the Closing Date, including, but not limited to, any Losses arising from any default of Purchaser arising under the Franchise Agreement or Sublease, and from any default of Purchaser with respect to the Assumed Liabilities. "Losses" shall mean any and all obligations, liabilities, costs (including reasonable attorneys' fees), expenses, damages and losses actually incurred by Seller, net of any insurance proceeds and material tax adjustments, benefits, savings or reductions to which Seller is entitled by virtue of such obligations, liabilities, costs, expenses, damages and losses; provided however, that "Losses" exclude all consequential damages of any kind (including, but not limited to, loss of revenue or income, cost of capital or loss of business reputation or opportunity). As of and prior to the Closing Date, Seller shall have good and marketable title to the Transferred Assets, free and clear of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, except as otherwise provided herein. Seller agrees to indemnify Purchaser of any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind, which accrued up through the date immediately preceding the Closing Date, whether or not known by either Seller or Purchaser. Seller further agrees to indemnify Purchaser of any and all liens, claims, judgments, taxes, encumbrances,

security interests, debts or other adverse claims or rights of any kind, which accrued up to the date immediately preceding the Closing Date, even if such liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind are discovered at any future date. Any and all liens, claims, judgments, taxes, encumbrances, security interests, debts or other adverse claims or rights of any kind which accrue on or after the Closing Date are the sole obligation and responsibility of the Purchaser. **For avoidance of doubt, Seller's limited indemnification herein shall not apply to the actual condition or quality of the Transferred Assets as such are being purchased by Purchase in "AS-IS" condition.**

7. **Notices.** All notices, consents, approvals or other instruments required or permitted to be given by either Party pursuant to this Agreement shall be in writing and given by (a) hand delivery, (b) express overnight delivery service, or (c) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (i) receipt, if hand-delivered, (ii) the next business day following the date of deposit with the delivery service, if delivered by express overnight delivery service, or (iii) the third business day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the Parties at the addresses specified below:

If to Seller: [Selling Entity]
Attention: Legal Department
9311 East Via De Ventura
Scottsdale, Arizona 85258

If to Liquor License Entity (if applicable) [Liquor License Entity]
Attention: Legal Department
9311 East Via De Ventura
Scottsdale, Arizona 85258

If to Purchaser: [Purchaser]
[address]
Telephone Number:

Any Party may change its address by giving notice in writing, stating its new address to the other Party to this Agreement as provided in the foregoing manner.

8. **[USE ONLY IF BROKER INVOLVED WITH SALE, OTHERWISE RESERVE][Brokers' Fees.** Seller has retained Broker Entity ("Broker") as broker in connection with the sale of the Transferred Assets contemplated hereby. The Seller shall be solely responsible for the payment of any fees due Broker in connection with the sale of the Transferred Assets contemplated hereby.]

9. **Survival.** Each of the representations, warranties and covenants contained herein shall survive the Closing Date, irrespective of any investigation or inquiry made by, or any knowledge of, any Party.

10. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective assigns, legal representatives, executors, heirs and successors.

11. Amendment, Modification or Waiver.

- (a) No amendment, modification or waiver of any condition, provision or term of this Agreement shall be valid or of any effect unless made in writing, signed by the Parties and specifying with particularity the nature and extent of the amendment, modification or waiver. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion.
- (b) Failure on the part of any Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long the failure continues, shall not constitute a waiver by that Party of its rights under this Agreement.

12. Entire Agreement. This Agreement, including the exhibits hereto, contains the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Parties with respect to such subject matter. Each of the exhibits is incorporated in this Agreement by this reference and constitutes a part of this Agreement.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

14. Dispute Resolution.

- (a) Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the Parties hereto or the relationship between the Parties, or the entry, making, interpretation, or performance of either Party under this Agreement ("Dispute"), which cannot be resolved by mediation under Section 14(d) below or is not subject to mediation under the terms of this Agreement, shall be settled by arbitration administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules as modified below.
- (b) Any arbitration shall take place before a sole arbitrator in the county and state where the Franchised Business is located. Purchaser agrees to conducting the arbitration where Seller is located is appropriate. The Parties agree that the arbitrator shall be an attorney licensed to practice law in the United States and must have a minimum of five (5) years of experience in franchise law. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing Party, against the Party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any other dispute, arbitration proceeding or litigation, except to the extent such issue may have been specifically determined in another proceeding between the Parties. This agreement to arbitrate shall survive any termination or expiration of this Agreement, however effected. The Parties agree that any arbitration shall be solely between them (including any affiliates) and shall not include as a Party, by consolidation, joinder, or in any other manner, any other person or entity, unless both Parties consent in writing. Both Parties shall have the

absolute right to refuse such consent. Further, the Parties expressly waive any right to bring and/or participate in any class or other consolidated, joined or multi-party arbitration claim or proceeding, whether or not permissible under the AAA Commercial Arbitration Rules, including, but not limited to, any claim brought on their behalf by an association of which it, he or she is a member. At the request of any Party, the arbitration shall be conducted in a manner that maintains the confidentiality of the proceedings.

- (c) The arbitrator(s) will issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The Federal Arbitration Act shall govern, excluding all state arbitration laws. The laws of the state where the Franchised Business is located will govern all other issues. With respect to discovery, the arbitrator shall require each Party to make a good cause showing before any discovery exceeding that specifically authorized by the AAA Commercial Arbitration Rules will be granted.
- (d) Prior to the commencement of an arbitration proceeding, the Parties must first submit any Dispute to non-binding mediation. At the request of any Party, the mediation will be confidential. The mediation shall be conducted in the county and state where the Franchised Business is located, unless the Parties shall mutually agree to a different location. The Parties to the mediation will share equally in its costs and expenses, except those costs and expenses incurred separately by each Party, including, without limitation, counsel fees and expenses. The mediation process will be deemed "Completed" when the Parties agree that it has been completed, the mediator declares that any impasse exists or sixty (60) days have elapsed since the date of the initiating Party's notice to the other Party that it is initiating the mediation process, whichever occurs first.
- (e) Notwithstanding anything contained in this Agreement to the contrary, the provisions of Sections 14(a), 14(b), 14(c) and 14(d) do not apply to a Dispute where: (i) Seller brings an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damage to Seller's goodwill, the confidential information, the proprietary marks or for fraudulent conduct by Purchaser; or (ii) the delay resulting from the mediation process may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist). For such disputes, Seller may bring an action in any federal or state court having jurisdiction, whether for monetary damages and/or for temporary preliminary and permanent injunctive relief or specific performance in addition to, and not exclusive of, any other remedies available to Seller. Purchaser hereby consents to and waives any objection or defense and agrees not to contest venue, forum non conveniens or jurisdiction of such court or arbitration.
- (f) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrator(s) and will be determined by a court of competent jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., as amended from time to time.
- (g) Either Party may appeal the final award of the arbitrator, if it is over One Hundred Thousand Dollars (\$100,000), to the appropriate U.S. District Court. The Court's review of the arbitrator's findings of fact will be under the clearly erroneous

standard, and the Court's review of all legal rulings will be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either Party may appeal the arbitrator's final award, if it is over One Hundred Thousand Dollars (\$100,000), to a panel of three arbitrators chosen under AAA procedures, which will employ the same standards of review stated immediately above.

15. Applicable Law and Forum; Waiver of Jury; Statute of Limitations.

Except to the extent that the United States Trademark Act of 1946, as amended (15 U.S.C., § 1051 et seq.) or the franchising laws of any state that may be applicable, the laws of the state where the Franchised Business is located shall govern all rights and obligations of the Parties under this Agreement. Seller and Purchaser agree, subject to the mandatory mediation and arbitration provisions of Section 14 of this Agreement, that any appropriate state or federal court located in the county and state where the Franchised Business is located shall have exclusive jurisdiction over any Dispute arising under or in connection with this Agreement and is the proper forum in which to adjudicate the case or controversy. Notwithstanding the foregoing, any action initiated by Seller may, at Seller's election, be brought in any jurisdiction where Purchaser is domiciled or that has jurisdiction over Purchaser. The Parties hereto irrevocably submit to the jurisdiction of, and venue in, any such court, and hereby waive any objection or defense thereto. THE PARTIES AGREE THAT ALL DISPUTES SUBMITTED TO THE COURT PURSUANT TO THIS SECTION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

Notwithstanding anything contained in this Agreement to the contrary, the Parties agree that any claims under, arising out of, or related to, this Agreement must be brought within two (2) years of the date on which the underlying cause of action accrued, and Seller and Purchaser hereby waive any right to bring any such action after such two-year period except for the collection of any unpaid amounts due to Seller or its affiliate.

16. Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing Party may recover reasonable attorneys' fees incurred in connection with any court or arbitration proceeding.

17. Remedies Cumulative. The remedies of the Parties under this Agreement are cumulative and shall not exclude any other remedies to which any Party may be lawfully entitled.

18. Captions. Captions used throughout this Agreement are for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

19. Additional Actions. Each Party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

20. Construction. The Parties acknowledge that each Party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement, the exhibits hereto and the transactions contemplated by this Agreement and that each of them and its

counsel have reviewed this Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or any exhibits hereto or thereto.

IN WITNESS WHEREOF, the Parties hereto, by and through its respective representatives with full rights, power and authority to enter into and bind his or her respective Party without further consent or approval of any kind, has duly executed and delivered this Agreement as of the Effective Date.

SELLER:

[SELLING ENTITY,]
a(n) _____

By: _____
[Name,] [Title]

[Liquor License Entity (if applicable)]:

[ENTITY,]
a(n) _____

By: _____
[Name,] [Title]

PURCHASER:

[PURCHASER],
a(n) _____

By: _____
[Name, Title]

By: _____
[Name, Title]

EXHIBIT A
TO ASSET PURCHASE AGREEMENT
(BILL OF SALE)

BILL OF SALE

This BILL OF SALE, dated _____, executed by [SELLING ENTITY], a(n) _____ [IF LIQUOR LICENSE ENTITY] ("Grantor") in favor of [PURCHASER], a(n) _____ ("Grantee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby convey, grant, bargain, sell, transfer, set over, assign, alien, remise, release, deliver and confirm unto Grantee, its successors and assigns forever, free and clear of all liens, security interests, claims, charges or encumbrances of any kind, the assets listed on **Schedule 1** attached hereto (collectively, "Transferred Assets"), TO HAVE AND TO HOLD all of the Assets unto Grantee, its successors and assigns to their own use and behoof forever.

Purchaser represents, warrants, acknowledges and agrees that Purchaser is purchasing the Transferred Assets in an "As-Is" condition with no warranties or representations whatsoever in connection with the furniture, fixtures, equipment, inventory and/or leasehold improvements and Purchaser understands that Seller made or makes no representation or warranty, express or implied, regarding the merchantability of the furniture, fixtures, equipment, inventory and/or leasehold improvements or the condition or quality thereof AND HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

The following are excluded assets and are excluded from **Schedule 1**:

- a. Cash deposits, including, but not limited to, any utility and security deposits, banks accounts, certificates of deposit, securities or evidences of indebtedness received prior to and including the date of this Bill of Sale;
- b. Credit card or house accounts receivable from sales generated from the Franchised Business and constituting a part thereof, prior to and including the date of this Bill of Sale, any other accounts receivable, or choses of action accruing on or before the Closing Date, as defined in the Asset Purchase Agreement; and
- c. Consumable inventory including, but not limited to, food products, perishables, paper products, cash on hand and other goods.

EXECUTED as of the date first set forth above.

[IF LIQUOR LICENSE ENTITY]

GRANTOR:

[SELLING ENTITY],
a(n) _____

By: _____
[Name, Title]

Schedule 1 to Bill of Sale

List of Assets

1. All telephone numbers used in connection with the Franchised Business, including, without limitation, the following:
2. The leasehold under the master lease along with all improvements which may be associated with the Franchised Business.
3. All goodwill associated with the Franchised Business.
4. [IF LIQUOR LICENSE: The License maintained by [Entity] as may be transferrable under [applicable State] law.
5. All of Grantor's furniture, fixtures and equipment, appliances and personal property located at the Franchised Business, including, without limitation, the following:

Quantity

Description

Serial Number

EXHIBIT B
TO ASSET PURCHASE AGREEMENT

(PROMISSORY NOTE AND SECURITY AGREEMENT)

[Attached]

[Not Applicable] [OR] [Applicable only if Purchaser enters into a Promissory Note and Security Agreement]

PROMISSORY NOTE AND SECURITY AGREEMENT

Note Amount:
[**\$AMOUNT**]

Scottsdale, Arizona
[**DATE**]

1. Promise to Pay. For value received, [NAME], a(n) [_____] corporation / limited liability company / individual] ("Maker"), promises to pay to the order of [Holder Entity], a [state] [Corporation/Limited Liability Company, etc.] ("Holder"), at 9311 East Via De Ventura, Scottsdale, Arizona 85258, or at such other address as Holder may designate at any time by written notice to Maker, in lawful money of the United States of America, the principal sum of XX Dollars (**\$XX**) together with all then-accrued and unpaid interest and other amounts that are Maker's obligations under this Promissory and Security Agreement ("Note"), if any. Maker and Holder may also be referred to in this Agreement as a "Party" and collectively as "Parties." The Note balance represents the principal amount owing by Maker to Holder for [description of debt] due under the Asset Purchase Agreement in the aggregate amount of XX Dollars (**\$XX**) [plus the UCC-1 filing fee (as described in Section 7) in the amount of XX Dollars (**\$XX**)]([collectively,]"Debt") for the [Brand] restaurant number ____ at the following location _____ ("Restaurant").

2. Computation of Interest. Except as otherwise set forth in this Note, this Note shall [not bear interest OR bear interest at the rate of ____% per annum] based on a ____ [month/year] amortization schedule.

3. Required Payments; Method of Payment. Principal and interest, if any, shall be repaid to Holder in a total of _____ (XX) [weekly/monthly] installments, consisting of the first _____ (XX) installments in the amount of _____ **AND xx/100 DOLLARS (\$_____.)**, and the final installment in the amount of _____ **AND xx/100 DOLLARS (\$_____.)** which installments shall be due on the [day of the week, or date of the month] (X^{xx}) of each consecutive [week / month], with the first installment due on [DATE] and the final installment due on [DATE], all as set forth on the Amortization Schedule attached hereto as **EXHIBIT "1"** and incorporated herein by reference. Maker authorizes Holder (or one of its affiliates) to deduct payments owed by Maker (or one of its affiliates) to Holder under this Note out of Maker's bank accounts via electronic funds transfer in the same way Holder (or one of its affiliates) is authorized to collect payment under the Franchise Agreement entered into by and between Holder and Maker dated _____, 20____ or other franchise documents that Maker (or a related entity) entered into with Holder (or one of its affiliates) for the Restaurant (individually and collectively, "Franchise Agreement"). All payments due under this Note shall be deducted by Holder's close of business from Maker's depository account (as defined in the Franchise Agreement) on the day they are due (or the preceding banking business day if such date is a holiday or falls on a weekend). Holder shall not be responsible for any interest charges for any overage collected due to Maker's failure to timely authorize payment. Additionally, Holder shall not be responsible for any bank service charges incurred by Maker which result in the withdrawal of funds from Maker's depository account. Maker shall pay Holder FIFTY AND 00/100 DOLLARS (\$50.00) for each withdrawal attempted from Maker's depository account pursuant to this Section 3 that is returned for non-sufficient funds. Maker shall also reimburse Holder for all other costs incurred by Holder in collecting or attempting to collect funds due Holder from the depository account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the depository account balance in accordance with the terms of the Franchise Agreement). Holder does not have to make or give "presentment, demand, protest or notice" to get paid. Maker hereby waives any right to "presentment, demand, protest and notice" as set forth in Section 10 below.

4. Application of Payments. All payments and other credits due under this Note shall be applied: [if part of Note balance a non-refundable fee (i) first to the amount of principal allocated to the [Type of Fee/Payment Owed] [(i) first][(ii) second,] to fees, costs and expenses payable by Maker under this Note, [(ii) second,][(iii) third,] to accrued and unpaid interest, if any, and [(iii) third][(iv) fourth,] to principal.

5. Collection Costs. If suit, arbitration, or other legal proceeding or any non-judicial foreclosure proceeding is instituted or any other action is taken by Holder to collect all or any part of the indebtedness evidenced hereby or to proceed against the Collateral (as defined below) for any portion of such indebtedness or against any guarantor of the payment of any portion of the indebtedness, Maker promises to pay Holder's attorneys' fees and other costs (to be determined by the court and not by a jury) incurred thereby. Such fees and costs shall be included in any judgment or arbitration award obtained by Holder, and shall bear interest at the default rate set forth in Section 12.

6. Optional Prepayments. Maker shall have the option to prepay this Note, in full or in part, at any time and from time to time, without penalty. Maker shall identify each optional prepayment of principal as such by written notice to Holder at the time of payment, and no such prepayment shall decrease or defer the monthly installment payments required by Section 3 above.

7. Security Interest. The indebtedness evidenced by this Note shall be secured by, and Maker hereby grants to Holder, a security interest in the equipment, inventory, leasehold improvements, and all proceeds thereof, and all increases, additions, accessories, accessions, substitutions, and replacements thereto located at the Restaurant [and other restaurants/stores owned by Maker, as applicable (the "Other Restaurants")] including, without limitation, insurance proceeds ("Collateral"). A description of the Collateral is attached hereto as **EXHIBIT "2"** and incorporated herein by reference. Concurrent with the execution of this Note or at any time after the execution of this Note so long as a balance remains outstanding under this Note, Maker shall execute and deliver to Holder, or alternatively Maker gives Holder permission to file, at Maker's expense, a UCC-1 financing statement, evidencing the security interest granted by this Section 7.

8. Guaranty of Promissory Note and Security Agreement. [If Maker is an individual and married, Maker represents and warrants that Maker's obligations under this Note are guaranteed by Maker's spouse and/or any other individuals requested by Holder as consideration for its agreements herein (together, "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3"** and incorporated herein by reference.] If Maker is a corporation, limited liability company, or other business entity, Maker represents and warrants that Maker's obligations under this Note are guaranteed by each of the persons who are shareholders, members, or other owners, direct or indirect, of Maker (and their respective spouses, if married); and/or any other individuals requested by Holder as consideration for its agreements herein (together, also "Guarantors"), pursuant to the Guaranty of Promissory Note and Security Agreement attached hereto as **EXHIBIT "3"** and incorporated herein by reference. In the event any person who has not previously signed a Guaranty of Promissory Note and Security Agreement becomes Maker's spouse; person who is a shareholder, member, or other owner, direct or indirect, of Maker (or their respective spouses, if married); and/or any other individual requested by Holder as consideration for its agreements herein, at any time after the execution of this Agreement, Maker must cause such person(s) to immediately execute and deliver a Guaranty of Franchise Agreement to Holder.

9. Maker's Representations and Warranties. Maker represents and warrants the following:

A. Collateral.

(i) Maker will make sure that the Collateral is maintained and in good operating condition, necessary to the conduct of Maker's business. All maintenance must also comply with any legal or regulatory requirements.

(ii) Maker will make sure that Maker has not suffered any material adverse change in Maker's financial condition or operations.

(iii) Maker will protect and preserve the Collateral and Holder's security interest therein, and assist Holder in all ways in enforcing Holder's security interests in the Collateral.

(iv) Maker will not incur any debts beyond Maker's ability to pay such debts as they mature.

(v) Maker will pay, before they become delinquent, all taxes and claims, assessments, charges, and the like, as well as all amounts due under all agreements with third parties.

(vi) Maker will take all actions necessary or appropriate to protect the Collateral that consists of technology and proprietary information. This includes, without limitation, filing all applicable documentation with the United States and foreign patent and trademark offices.

(vii) Holder will give Maker prior notice if Holder, or Holder's agents, want to inspect the Collateral. Holder may inspect the Collateral during regular business hours. Holder will take reasonable steps not to interfere with Maker's business operations during any such inspection. If Holder finds during an inspection that Maker is not complying with this Note or if Maker is otherwise in default under this Note, Maker (and not Holder) will pay Holder's reasonable travel, meals and lodging costs, Holder's salary costs, and Holder's costs and fees and those of Holder's agents for re-inspection. Maker will promptly cure any problems with the Collateral that are discovered during Holder's inspections.

(viii) Maker will use the Collateral only for business purposes. Maker will obey all legal and regulatory requirements in Maker's use of the Collateral and the conduct of Maker's business.

(ix) Maker will make all additions, modifications and improvements to the Collateral to the extent necessary. Otherwise, Maker will not alter the Collateral without Holder's written permission.

(x) Maker will not remove the Collateral from the Restaurant location[, or Other Restaurants, as applicable].

(xi) Maker has and will continue to have good and merchantable title to all of the Collateral, free and clear of all security interests, liens and other encumbrances, with the exception of Holder's lien described in Section 7 above.

(xii) Maker will not convey, assign, sell, mortgage, transfer, encumber, pledge, hypothecate, grant a security interest in, grant options with respect to, lease or otherwise dispose of all or any part of any interest whatsoever in or to any or all of the Collateral, or any interest therein.

B. Insurance.

(i) Until Maker has made all payments to Holder under this Note in full, Maker will keep the Collateral insured. The amount of insurance, the coverage, and the insurance company must be acceptable to Holder.

(ii) If Maker does not provide Holder with written evidence of insurance that is acceptable to Holder, Holder may buy the insurance, at Maker's expense. Maker will promptly pay Holder the cost of this insurance. Holder has no obligation to purchase any insurance. Any insurance that Holder purchases will be Holder's insurance, and not Maker's, and Holder may insure the Collateral beyond the date of satisfaction of the Debt.

(iii) Insurance proceeds may be used to repair or replace damaged or lost Collateral or to pay Holder the present value of the payments described herein.

(iv) Maker appoints Holder as Maker's "attorney-in-fact" to make claims under the insurance policies, to receive payments under the insurance policies, and to endorse Maker's name on all documents, checks or drafts relating to insurance claims for Collateral. Upon request by Maker, Holder will provide Maker with copies of any and all documents signed as Maker's attorney-in-fact. Holder agrees to pay Maker any insurance proceeds received by Holder in excess of the any and all amounts due Holder under this Note.

10. Waivers and Acknowledgments. Maker, and any sureties, endorsers and guarantors of all or any portion of the indebtedness evidenced by this Note waive: (a) demand, notice, diligence, protest, presentment for payment, and notice of extension, dishonor, protest, demand and nonpayment of this Note; and (b) any release or discharge by reason of (i) any release or substitution of, or other change in, any security given for the indebtedness evidenced by this Note or the obligation of any other person or entity who or which is now or may become directly or indirectly liable for all or any portion of the indebtedness evidenced by this Note, or (ii) any extension or other modification of the time or terms of payment of all or any portion of the indebtedness evidenced by this Note. Maker, and any sureties, endorsers and guarantors agree that their liability for the indebtedness evidenced hereby shall be joint and several.

11. Default, Take-Back Rights and Additional Remedies.

A. Default. Maker will be in default if any of the following occurs:

(i) Maker does not pay Holder, within seven (7) days after written notice is received by Maker from Holder, any payment that Maker owes Holder under this Note, the Franchise Agreement (including, but not limited to, royalty and advertising fees) or any other agreement, loan, debt, lease or other financial arrangement that Maker has with Holder or one of its affiliates (each a "Payment Default").

(ii) Any of the financial information that Maker gives Holder is not materially true and complete, or Maker fails to tell Holder anything that would make the financial information not materially misleading.

(iii) Maker does something it is not permitted to do, or Maker fails to do anything that is required of them, under this Note, the Franchise Agreement or any other lease, loan, debt or other financial arrangement that Maker has with Holder and such breach continues uncured for a period of seven (7) days after Holder has given written notice of such default to Maker, provided that such cure period shall not apply to any covenant relating to insurance covering the Collateral described in Section 7.

(iv) An event of default occurs under the Franchise Agreement, or under any other lease, loan, debt or obligation of Maker (or any guarantor) that exceeds Fifty Thousand Dollars (\$50,000) in the aggregate that results in the acceleration or mandatory prepayment thereof.

(v) Maker files bankruptcy, or involuntary bankruptcy is filed against Maker or any guarantor and such involuntary bankruptcy is not dismissed within sixty (60) days.

(vi) Maker is subject to any other insolvency proceeding other than bankruptcy (for example, a receivership action or an assignment for the benefit of creditors) and such proceeding that is involuntary is not dismissed within sixty (60) days.

(vii) Without Holder's permission, Maker sells all or a substantial part of Maker's assets, merges or consolidates (other than with an affiliate where Maker is the surviving entity), or a majority of Maker's voting stock or interests (or any guarantor's voting stock or interests) is transferred.

(viii) There is a material adverse change in Maker's financial condition, business or operations.

B. "Take Back Rights." In the event of a Payment Default, Maker hereby grants Holder the following "Take Back Rights" (as defined below in this Section 11.B.) with respect to the Restaurant [or Other Restaurants, as applicable]. Maker shall have seven (7) days after receipt of written notice from Holder to cure any such Payment Default. If Maker does not timely cure the Payment Default, Maker hereby grants Holder the irrevocable right to immediately enter the [or Other Restaurants, as applicable] and take possession and full ownership of the [or Other Restaurants, as applicable] going forward, and further agrees to execute any and all reasonably necessary documents to transfer ownership of the [or Other Restaurants, as applicable], including all assets located therein, to Holder or its designee and to assign the lease for the premises of the [or Other Restaurants, as applicable] to Holder or its designee ("Take Back Rights"). In the event of an uncured Payment Default, Maker further acknowledges and agrees to the following: (i) the Take Back Rights represent Holder's liquidated damages for Maker's Payment Default; (ii) that such damages are reasonable under the circumstances; (iii) that Maker shall have no right to contest, and hereby waives any such rights to contest or appeal, Holder's Take Back Rights, including Holder's entry into the [or Other Restaurants, as applicable] and subsequent possession, control; and ownership of the [or Other Restaurants, as applicable] thereafter; and (iv) that Maker shall receive no compensation or other monetary consideration from Holder for the [or Other Restaurants, as applicable]. For purposes of the Take Back Rights under this Section 11, all notices shall be sent by certified mail, return receipt requested, or via overnight delivery service, to the other Party at the addresses listed in Section 16.

C. Acceleration in the Event of Default. In the event of any default, including a Payment Default, under this Note which is not cured within seven (7) calendar days after receipt of written notice from Holder, the principal sum hereof, together with all accrued and unpaid interest, shall, at the option of the Holder (and without limiting any remedies available to Holder), become immediately due and payable without further notice or demand by the Holder.

D. Consent to Credit Reports. Maker hereby agrees that upon notice of default or upon an uncured default of this Note, the Franchise Agreement or any other agreement between Maker (or a legal entity thereof) and Holder or its affiliates, and with no prior notice, Maker consents to Holder's (or its affiliates' or third-party contractors') acquisition and use of non-business consumer credit reports on Maker in order to evaluate as necessary the financial condition of Maker as principal(s), member(s), manager(s), franchisee(s), and/or guarantor(s) in connection with the collection of monetary obligations as contemplated by this Note, Maker's Franchise Agreement, the Guaranty of Agreement, or any other agreements between Maker (or a legal entity thereof), and Holder or its affiliates.

E. Acceleration in the Event of the Sale of the Restaurant [or Other Restaurants, as applicable]. In the event Maker sells the Restaurant [or Other Restaurants, as applicable] (as defined in Section 1 above) effective on or before _____, then the entire principal balance (plus all accrued interest) shall become due and payable upon the closing of the transaction of the sale of the Restaurant [or Other Restaurants, as applicable].

12. Default Interest. After maturity, including maturity upon acceleration as described in Section 11 above, or at any time that Maker is more than seven (7) calendar days delinquent in the payment of money as required by this Note (whether or not Holder has given any notice of default or any cure period has expired), then all amounts outstanding hereunder and any advances thereafter made from the Debt evidenced hereby and any accruing costs and reasonable attorneys' fees which are the obligation of Maker shall thereafter bear interest at the rate of eighteen percent (18%) per annum until paid.

13. Indemnity. Maker shall indemnify, defend and hold Holder harmless for, from and against any and all claims, expenses and reasonable attorneys' fees actually incurred by Holder concerning or arising from the Collateral, this Note, or Maker's breach of any material representation, warranty or covenant. It includes, without limitation, any claims, losses or charges actually incurred concerning, arising out of or in connection with the manufacture, selection, delivery, possession, use, operation or return of the Collateral and any claims, losses or damages actually incurred concerning, arising out of or in connection with this Note. This obligation of Maker's to indemnify Holder continues even after satisfaction of this Note.

14. No Waiver by Holder. Failure of the Holder to exercise any option hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or in the event of continuance of any existing default after demand for strict performance thereof.

15. Time of Essence. Time is of the essence of this Note.

16. Notices. All notices required or permitted to be given by either Party pursuant to this Note shall be in writing and given by (a) hand delivery, (b) express overnight delivery service or (c) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (i) receipt, if hand delivered, (ii) the next business day following the date of deposit with the delivery service, if delivered by express overnight delivery service, or (iii) the third business day following the day of deposit of such notice with the United States Postal Service, if

sent by certified or registered mail, return receipt requested. Notices shall be provided to the Parties at the addresses specified below:

If to Holder: [Seller Entity]
Attention: Legal Department
9311 East Via De Ventura
Scottsdale, Arizona 85258

If to Maker: _____

17. Governing Law. This Note shall be construed according to the substantive laws and judicial decisions of the State of Arizona, without regard to any conflict of laws principles. Any action brought to enforce this Note may be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. Maker and any sureties, endorsers and guarantors irrevocably consent to jurisdiction and venue in such court for such purposes.

18. RELEASE. IN EXCHANGE FOR HOLDER'S AGREEMENT TO ARRANGE FOR MAKER'S PAYMENT OF THE DEBT, MAKER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES' RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH MAKER "MAKER PARTIES"), HEREBY IRREVOCABLY AND UNCONDITIONALLY RELEASE, REMISE AND FOREVER DISCHARGE HOLDER AND EACH OF ITS CURRENT, PAST AND FUTURE PREDECESSORS, SUCCESSORS AND ASSIGNS, AND EACH OF ITS AND THE FOREGOING ENTITIES RESPECTIVE PARENTS, SUBSIDIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, GUARANTORS, INSURERS, SPOUSES, HEIRS, EXECUTORS, TRUSTEES, AND ESTATES, IF ANY, OF ANY AND ALL SUCH ENTITIES (COLLECTIVELY WITH HOLDER "HOLDER PARTIES"), FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DEBTS, DUTIES, ACCOUNTS, COVENANTS, CONTRACTS, AGREEMENTS, PROMISES, DAMAGES, JUDGMENTS, TAXES, LIABILITIES AND OBLIGATIONS, BOTH CONTINGENT AND FIXED, KNOWN AND UNKNOWN, NOW EXISTING OR HEREAFTER, OF EVERY KIND AND NATURE WHATSOEVER, IN LAW OR EQUITY, OR OTHERWISE, UNDER LOCAL, STATE, OR FEDERAL LAW OR THE LAW OF ANY OTHER APPLICABLE JURISDICTION, THAT ANY OF THE MAKER PARTIES HAVE AGAINST ANY OF THE HOLDER PARTIES, INCLUDING, WITHOUT LIMITATION, THOSE ARISING FROM, IN CONNECTION WITH OR RELATING TO: (I) THE FRANCHISE AGREEMENT (INCLUDING ANY AMENDMENTS OR MODIFICATIONS THERETO); (II) THE OPERATION, LEASING OR SUBLEASING OF THE RESTAURANT [OR OTHER RESTAURANTS, AS APPLICABLE]; AND (III) THE OFFERING AND SALE OF THE FRANCHISE FOR THE RESTAURANT [OR OTHER

RESTAURANTS, AS APPLICABLE]; ARISING FROM AN ACT, OMISSION, CONDUCT OR ACTIVITY OCCURRING BEFORE AND INCLUDING THE DATE OF THIS NOTE WRITTEN ABOVE.

IT IS UNDERSTOOD BY MAKER THAT IF THE FACTS OR LAW WITH RESPECT TO THE FOREGOING RELEASE HEREFTER TURN OUT TO BE DIFFERENT FROM THE FACTS OR LAW KNOWN TO BE OR BELIEVED BY MAKER TO BE TRUE AT THE TIME OF EXECUTION OF THIS NOTE, THEN MAKER EXPRESSLY ASSUMES THE RISK OF THE FACTS OR LAW TURNING OUT TO BE SO DIFFERENT, AND AGREES THAT THE FOREGOING RELEASE SHALL BE IN ALL RESPECTS EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION, IN WHOLE OR IN PART, BASED UPON SUCH DIFFERENCES.

19. Counterparts; Signatures. This Note may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Note and all of which, when taken together, shall be deemed to constitute one and the same Note. The signatures required for execution may be transmitted to the other Party via facsimile or a scanned .pdf file sent via email and such signature shall be deemed a duplicate original, shall be effective upon receipt by the other Party, may be admitted in evidence and shall fully bind the Party and person making such signature.

IN WITNESS WHEREOF, Maker, by and through its respective representative with full rights, power and authority to enter into and bind his or her respective Party without further consent or approval of any kind, has duly executed and delivered this Note as of the date first written above.

MAKER:

_____, a(n) _____

By: _____
[Name, Title]

EXHIBIT “1” TO PROMISSORY NOTE
AMORTIZATION SCHEDULE

(Attached)

EXHIBIT "2" TO PROMISSORY NOTE

COLLATERAL

All assets owned by [NAME], a(n) [State] [corporation / limited liability company] ("Borrower"), whether now owned or hereafter acquired by Borrower and located at the following location: [RESTAURANT [OR OTHER RESTAURANTS, AS APPLICABLE]Address(es)], including, without limitation, the following properties of Borrower:

- (a) All accounts, contract rights, rights to payment, accounts receivable, chattel paper, leases, instruments, notes, securities, documents of title, deposit accounts, certificates of deposit and general intangibles;
- (b) All inventory, including, without limitation, raw materials, work-in-process or materials used or consumed in the business of Borrower, whether in the possession of Borrower, warehouseman, bailee or any other person or entity;
- (c) All machinery, furniture, fixtures and other equipment;
- (d) All negotiable and nonnegotiable documents of title;
- (e) All proceeds of any of the above-described property;
- (f) All books and records pertaining to any of the above-described property, including, without limitation, any computer readable memory and any computer hardware or software necessary to process such memory;
- (g) All rights under contracts of insurance covering any of the above-described property;
- (h) All attachments, accessions, tools, parts, supplies, increases and additions to and all replacements of and substitutions for any of the above-described property; and
- (i) All products of any of the above-described property.

EXHIBIT “3” TO PROMISSORY NOTE

**[GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT] or [NOT
APPLICABLE]**

GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT

This GUARANTY OF PROMISSORY NOTE AND SECURITY AGREEMENT ("Guaranty") is dated as of [Date] ("Effective Date"), and is executed by each of the undersigned ([individually and collectively,]"Guarantor") in favor of [SELLING ENTITY], a [state] [Corporation/Limited Liability Company, etc.] ("Seller"). To the extent this Guaranty contains terms and conditions that differ from those contained in the Note (as defined in Recital A below), this Guaranty shall control. All capitalized terms not otherwise defined in this Guaranty will have the same meanings ascribed to such terms in the Note.

Recitals

A. As an inducement for Seller to provide debt to [Franchisee], a [State] [corporation/limited liability company], ("Franchisee"), and to perform Seller's obligations under the Promissory Note and Security Agreement dated [Start Date] ("Note") in the amount of _____ Dollars (\$____), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Note.

B. Franchisee and [applicable franchisor name] signed a Franchise Agreement, as amended, with respect to [Brand] Restaurant No. _____ ("Franchise") dated [Franchise Agreement Date] ("Franchise Agreement").

C. Guarantor is an individual who owns, directly or indirectly, a five percent (5%) or greater equity interest in the Franchise, has agreed to guarantee the Franchisee's obligations pursuant to the Franchise Agreement and Note, or is Franchisee's spouse.

NOW THEREFORE, in consideration of the foregoing, the execution and delivery of the Note by Seller, and the performance of Seller's obligations under the Note, Guarantor agrees, for the benefit of Seller and its affiliates as follows:

Agreement

1. Guarantor unconditionally guarantees and promises to pay to Seller and/or its affiliates and to perform, for the benefit of Seller and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to, or arising out of, the Note and all Schedules entered into in connection therewith ("Obligations").

2. This is a guaranty of payment and not of collection. This Guaranty will remain in full force and effect until all amounts payable by Guarantor have been validly, finally and irrevocably paid-in-full and all Obligations will have been validly, finally and irrevocably satisfied or performed-in-full.

3. Guarantor's Obligations under this Guaranty are joint and several and are independent of the obligations of Franchisee. A separate action or actions may be brought and prosecuted against Guarantor regardless of whether an action is brought against the Franchisee or whether the Franchisee (or, if more than one Guarantor, the other Guarantors) is joined in any such action. Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty or the enforcement of this Guaranty. Guarantor waives its rights under A.R.S. Section 12-1641, *et seq.* and Rule 17(f) of the Arizona Rules of Civil Procedure for the Superior Courts of Arizona, which set forth certain rights and obligations among guarantors, debtors and creditors, if applicable, including the right to require Seller to bring an action against the Franchisee prior to enforcing its rights under this Guaranty. Guarantor waives any right to require Seller to proceed against or exhaust any security interest held in the property of Franchisee or to pursue any other remedies that Seller may have. Guarantor waives all requirements as to presentment, demand for performance, notice of non-performance, protest,

notice of protest, notice of dishonor, and notice of acceptance of this Guaranty and of the existence, creation or incurring of new or additional Obligations or indebtedness.

4. Guarantor authorizes Seller, without notice or demand and without affecting Guarantor's liability under this Guaranty to renew, compromise, modify, extend, accelerate or otherwise change the terms of any present or future Obligations and/or agreements between Franchisee and Seller or Seller's affiliates. Any change in the Obligations and/or agreements will have no effect on Guarantor's liability under this Guaranty. Guarantor will remain liable for the Obligations as set forth in this Guaranty if Franchisee fails to satisfy any of its obligations.

5. If any one or more of the provisions in this Guaranty will be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision of this Guaranty, and this Guaranty will be construed as if such provision had never been contained herein. Notwithstanding the foregoing, if the provision held invalid, illegal or unenforceable is a material part of this Guaranty, as determined by Seller, the Parties shall promptly negotiate a substitute provision consistent with then-current law and the Parties' original intent to replace the provision held to be invalid, illegal or unenforceable.

6. If Seller is required to take any legal action to enforce its rights under this Guaranty, Seller may recover from Guarantor Seller's costs and expenses in connection therewith, including, without limitation, reasonable attorneys' fees, whether or not suit is filed, and all costs of collection, suit, and preparation for suit (whether at the trial or appellate level).

7. Nothing in this Guaranty will constitute a waiver or limitation of any other rights or remedies of Seller or its affiliates against Franchisee or Guarantor. No failure or delay on the part of Seller or its affiliates in exercising its rights under this Guaranty will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any right will be deemed a waiver of any other right. The rights provided for in this Guaranty are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

8. Guarantor agrees that it will not exercise any rights of subrogation that Guarantor may acquire due to any payment or performance of the Obligations of the Franchisee pursuant to this Guaranty unless and until all amounts payable to Seller or its affiliates, and all Obligations for the benefit of Seller or its affiliates, due under the Note will have been validly, finally and irrevocably paid and performed in full.

9. This Guaranty will be binding upon Guarantor and its respective successors, heirs and assigns, and will inure to the benefit of Seller, its affiliates and their respective successors and assigns.

10. If more than one person signs this Guaranty, each Guarantor's obligations will be joint and several. Guarantor acknowledges and agrees that Seller will materially rely upon Guarantor's promises and obligations under this Guaranty.

11. [The undersigned _____][include name(s) here of each of the undersigned who is not married] each represents that he/she is not married as of the Effective Date.

This Guaranty will be governed by, and construed and enforced in accordance with, the law of the State of Arizona, notwithstanding any conflict of law provisions to the contrary.

Guarantor agrees that any litigation in connection with this Guaranty will be commenced and maintained only in the courts located in Maricopa County, Arizona, and Guarantor consents to the jurisdiction of such courts.

GUARANTOR:

[Name], an individual

[Name], an individual

[Name], an individual

[Name], an individual

Exhibit A-3
Sublease

SUBLEASE

This SUBLEASE (“Sublease”) is effective as of the date set forth in Exhibit A attached hereto and incorporated herein by reference (“Effective Date”), executed as of the Execution Date by [COMPANY], a [ENTITY] (“Sublessor”), and the sublessee identified in Exhibit A to this Sublease (“Sublessee”).

WHEREAS, Sublessor, as tenant, previously entered into, or intends to enter into, that certain lease (“Lease”) in the form of Exhibit B attached hereto and incorporated herein by reference, as may be amended from time to time, pursuant to which Sublessor leases certain premises located at _____ (“Premises”) as described in the Lease from the landlord under such Lease (“Landlord”);

WHEREAS, Sublessee has entered, or will enter, into that certain Franchise Agreement, as amended, for a [BRAND] restaurant (“Restaurant”) No. _____ (collectively the “Franchise Agreement”) with Sublessor, as “Franchisor” [or with [COMPANY], a [ENTITY], as “Franchisor”];

WHEREAS, pursuant to the Franchise Agreement, the parties intend that Sublessee will establish and operate the Restaurant at the Premises and location identified in the Franchise Agreement;

WHEREAS, Sublessee may only use and occupy the Premises as a [Brand] restaurant selling [Brand] products pursuant to the terms of the Franchise Agreement, and for no other purpose. Sublessee may not sell any other items at the Premises unless first authorized in writing by Sublessor;

WHEREAS, Sublessee has selected the Premises for the location of the [Brand] Restaurant to be established and operated by Sublessee;

WHEREAS, in accordance with the Franchise Agreement, Sublessor desires to sublease to Sublessee, and Sublessee desires to sublease from Sublessor, the Premises and Sublessor rights in the Premises pursuant to the Lease, upon the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the foregoing premises, and the terms, conditions and covenants set forth in this Sublease, the parties hereby agree as follows:

1. Agreement to Sublease. Sublessor hereby demises and sublets to Sublessee the Premises, and Sublessor grants Sublessee all of its respective rights, privileges and appurtenances related to the Premises, and Sublessee takes from Sublessor, the Premises and all of Sublessor’s respective rights, privileges and appurtenances related to the Premises, for the Term (as defined in Section 2.1).

1.1. Assumption. As of the Effective Date, Sublessee assumes, and agrees to abide by, all terms and conditions of the Lease with respect to the Premises, and will faithfully perform all obligations required thereunder to be performed by Sublessor during the Term and any obligations to be performed by Sublessor under the Lease prior to, as of and after the Commencement Date of the Lease (as defined in Exhibit A attached hereto) to the extent the same have not been fully performed by Sublessor as of the Effective Date.

1.2. Compliance with Lease. Notwithstanding anything to the contrary contained herein, the terms of this Sublease and Sublessee’s use, occupancy, maintenance, repair and restoration of the Premises are subject and subordinate to the terms, covenants, conditions, agreements and requirements of the Lease. Sublessee will not commit or permit to be committed on the Premises any act or omission which will violate any term or condition of the Lease. To enforce the rights of Sublessor hereunder, Sublessor may exercise any and all remedies available to Landlord under the Lease, in addition to any other remedies provided hereunder or available at law or in equity.

2. Term; Renewal Options.

2.1. Term. This Sublease will be effective as of the Effective Date and will continue for the full term of the Lease ("Term"), as the same may be amended, earlier terminated, or renewed or extended from time to time pursuant to Section 2.2 below, minus one (1) day which is annually set to expire as set forth on Exhibit A.

2.2. Renewal Options. If the Lease, as may be amended by Sublessor from time to time, contains renewal options, Sublessee may exercise such options in accordance with this Section 2.2 and at such times as set forth on attached Exhibit A, provided that as of the time of the giving of the Renewal Notice (as defined below), no event of default exists or would exist hereunder or under the Lease but for the passage of time or the giving of notice, or both. ***To exercise a renewal option, Sublessee must notify Sublessor in writing in accordance with Section 17 herein of Sublessee's intent to exercise such option ("Renewal Notice") not more than ninety (90) days, or less than sixty (60) days, before the date that Sublessor is required to notify Landlord pursuant to the Lease of its intention to exercise such option. Time is of the essence.*** Notwithstanding the foregoing, Sublessee acknowledges and agrees that the decision to exercise any renewal option in connection with the Lease is solely at the discretion of Sublessor.

2.3. Failure to Timely Deliver Renewal Notice. If Sublessee does not deliver the Renewal Notice within the time period set forth above, Sublessee's right to exercise the renewal option pursuant to this Section 2 will automatically become null and void and of no further force or effect. Sublessee's exercise of a renewal option, as evidenced by the Renewal Notice, will be irrevocable in all events. Upon receipt of an effective Renewal Notice, Sublessor will undertake to renew the Lease for the applicable renewal term and Sublessee will indemnify, defend, and hold Sublessor and the Indemnified Parties (as defined in Section 11) harmless with respect to the exercise of the renewal option. Notwithstanding the foregoing, Sublessee acknowledges and agrees that the decision to exercise any renewal option in connection with the Lease is solely at the discretion of Sublessor.

3. Rent, Taxes and Insurance.

3.1. Payment of Rent. As of the Effective Date, and at Sublessor's sole and absolute discretion, Sublessor shall either have the right to: (a) directly debit from Sublessee the Rent (as defined in Section 3.1.1.1) due and owing under the Lease pursuant to Section 3.1.1 below; or (b) direct Sublessee to pay the Rent due and owing under the Lease directly to the Landlord pursuant to Section 3.1.2 below. Upon Sublessor's thirty (30) day prior written notice (email is sufficient), Sublessor shall have the absolute right to change the means of the payment of Rent and may either begin debiting Rent directly from Sublessee or require Sublessee to pay Rent directly to the Landlord, each to become applicable for the immediate following month after such thirty (30) day notice to Sublessee. Concurrently with Sublessee's execution hereof, or at any time thereafter if required by Sublessor, Sublessee shall sign a pre-authorization enabling Sublessor to draw against Sublessee's bank account for the partial or full amount of the Rent and any other amounts due hereunder as and when the same become due. To ensure all Rent and other payments are timely made to the Landlord, Sublessor has the absolute right to draw against Sublessee's bank account such amounts due and owing, or at Sublessor's election in its sole discretion, Sublessor shall direct Sublessee to pay such amounts to such address as Sublessor may specify from time to time by written notice delivered in accordance herewith and Sublessee shall comply with such direction.

3.1.1. Rent Payments paid directly to Sublessor.

3.1.1.1. The first month's Base Monthly Rental (as defined in this Section 3.1.1.1), the Sublease Security Deposit (as defined in Section 4.1 and set forth on Exhibit A) and the first monthly installment of estimated Operating Expenses (as defined in this Section 3.1.1.1) will be due and payable on the Effective Date. Sublessee promises to pay to Sublessor in advance, without demand, deduction or set-off, regular installments of: (a) all base, minimum or fixed rent payable under the Lease ("Base Monthly Rental"); (b) any percentage rent or other rent based upon sales in, at, or from the Premises ("Percentage Rent"); and (c) any other payments payable under

the Lease for operating expenses, common area expenses, utilities, marketing funds, merchants associations, sprinkler fees and any other costs and expenses, including any annual reconciliation(s) of the same, as applicable (collectively, "Operating Expenses"), together with all sales, rental and privilege taxes due thereon. The foregoing payments under (a), (b), and (c) are collectively referred to as "Rent".

- 3.1.1.2. From and after the Effective Date and through the Term hereof, Sublessee will pay to Sublessor on the earlier of: (i) the twenty-fifth (25th) day of the month; or (ii) the fourth (4th) Friday of the month; or (iii) on a day reasonably set by Sublessor to ensure timely payment of Rent under the Lease (as applicable, "Due Date"), an amount equal to 1/12th of the annual Base Monthly Rental and 1/12th of the estimated Operating Expenses and all applicable taxes thereon, as applicable, for the following month (i.e., Sublessee's first Base Monthly Rental and estimated Operating Expense payments payable under this Section 3.1.1 will be applied to the second month of the Term, so that Base Monthly Rental and Operating Expenses will always be paid one (1) month in advance). To the extent Sublessee has paid Base Monthly Rental and estimated Operating Expenses in advance, Sublessee will not be obligated to pay the same on the Due Date of the last month of the Term. If any of Sublessee's Base Monthly Rental and Operating Expenses payments are returned for non-sufficient funds, Sublessor has the option, at its sole discretion, to collect the Base Monthly Rental and Operating Expenses payments on a weekly basis one (1) month in advance without prior notice to Sublessee. If Sublessor exercises this option, Sublessee will pay to Sublessor on each Friday for the remainder of the Term an amount equal to 1/52nd of the annual Base Monthly Rental and 1/52nd of the estimated Operating Expenses and all applicable taxes thereon, at least four (4) weeks in advance of the first of the month for which it is paid by Sublessor to the Landlord.
- 3.1.1.3. In addition to Base Monthly Rental and estimated Operating Expenses paid in accordance with Section 3.1.1.1 above, commencing on the Effective Date of this Sublease, Sublessee will pay Percentage Rent (if any) and any other amounts due hereunder or under the Lease in the amounts and the same number of installments due from Sublessor, as tenant, to Landlord under the Lease, which payment will be made by Sublessee to Sublessor at least ten (10) days before the same is due to Landlord under the Lease; provided, however, at Sublessor's election in its sole discretion, Percentage Rent will be paid by Sublessee in arrears on a weekly basis, in which event Sublessee will also submit along with each payment of Percentage Rent, a sales report of Revenues (as defined in the Franchise Agreement) for the previous week in the form described in Section 3.3 below.

3.1.2. Rent Payments paid directly to Landlord.

- 3.1.2.1. The first month's Rent and the Sublease Security Deposit will be due and payable on the Effective Date. Sublessee promises to timely pay to Landlord, without demand, deduction or set-off, regular installments of all Rent, together with all sales, rental and privilege taxes due thereon, as required under the Lease.

3.2. Payment of Taxes and Insurance. Sublessee promises to timely pay any and all taxes and insurance covering or incurred during the Term of this Sublease and due as required under the Lease or in connection with the Premises, when billed or invoiced from the respective taxing authority or insurance company, whether addressed to Sublessor or its affiliate or Sublessee, without demand, deduction or set-off, including any annual reconciliation(s), as applicable. Sublessee agrees and acknowledges that taxes and insurance may be collected by Sublessor either pursuant to Section 3.1.1.1 above (or in such a manner reasonably determined by Sublessor to ensure timely payment of any and all taxes and insurance due under the Lease or in connection with the Premises to the requisite taxing authorities or insurance companies) or shall pay such amounts timely and directly to the Landlord.

3.3. Sales Reports. Not later than the tenth (10th) day after the end of each calendar month in the Term and the fifteenth (15th) day after the end of each calendar year in the Term (including the last year in the Term), or such sooner periods as may be set forth in the Lease, Sublessee will submit to Sublessor (and Landlord, if the Lease requires the delivery of sales reports) an itemized and accurate written statement signed by Sublessee or its duly authorized officer, setting forth in reasonable detail the full amount of Revenues made during the preceding calendar month or year, as applicable, and certifying to Sublessor and Landlord that the same is true and correct. If the total amount of Percentage Rent paid by Sublessee for any week, month, or calendar year during the Term (including the last calendar year of the Term) shall be less than the actual amount due from Sublessee for such period, Sublessee will pay to Sublessor or Landlord, as applicable, the difference between the amount paid by Sublessee and the actual amount due upon demand, but, notwithstanding anything contrary in the Lease, in no event later than fifteen (15) days after the end of such calendar year; and if the total amount of Percentage Rent paid by Sublessee for any such week, month, or year shall exceed such actual amount due from Sublessee for such period, then, if Sublessor collected such amounts directly from Sublessee, such excess will be credited against the next installment(s) of Rent due from Sublessee to Sublessor under this Sublease, or promptly refunded to Sublessee if this Sublease has expired or otherwise terminated and Sublessee is not then in default hereunder; or, if paid by Sublessee directly to the Landlord, such excess will be credited to Sublessee by Landlord directly pursuant to the terms of the Lease. Upon three (3) days' notice to Sublessee, Sublessor or its representatives will have the right to conduct an audit of Sublessee's books and records relating to Revenues at the Premises at any time during the Term. If such audit reveals that Sublessee understated Revenues, then Sublessee will pay to Sublessor the costs and expenses of the audit, together with Interest (as defined in Section 3.5 below) from the date Percentage Rent should have been paid hereunder and any interest, late fees, or other penalties incurred by Sublessor under the Lease as a result of such underpayment. Sublessee will maintain all books and records relating to sales at the Premises for a minimum of three (3) years. The obligations under this Section 3.3 will survive the expiration or sooner termination of this Sublease.

3.4. Revenues/Gross Sales. As used herein, the term "Revenues" or "Gross Sales", as applicable, will have the same meaning as such term is defined in the Franchise Agreement.

3.5. Late Charge. Sublessee acknowledges that late payment by Sublessee to Sublessor or Landlord, as applicable, of any Rent or other payment due to Sublessor or Landlord, as applicable, hereunder will cause Sublessor to incur costs not contemplated by this Sublease, the exact amount of such costs being extremely difficult and impractical to determine. Therefore, if Sublessee is delinquent in any installment of Rent or other sums due and payable hereunder or the Lease for more than five (5) days, Sublessee will pay to Sublessor on demand a late charge equal to five percent (5%) of such delinquent sum. The parties agree that such late charge represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of such late payment by Sublessee. The provision for such late charge will be in addition to all of Sublessor other rights and remedies hereunder or at law or equity and will not be construed as a penalty. In addition to the foregoing late charge, if Sublessee is delinquent in any installment of Rent or other payments due hereunder for more than ten (10) days, then such delinquent sum will bear interest at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less ("Interest"), from the due date until paid in full.

4. Sublease Security Deposit.

4.1. Cash Deposit. Contemporaneously with Sublessee's execution hereof, Sublessee will deposit with Sublessor a sublease security deposit, which shall not be less than one month's gross Rent, in the amount set forth on Exhibit A ("Sublease Security Deposit"). The Sublease Security Deposit will be held by Sublessor as security for the performance of Sublessee's obligations under this Sublease, Sublessee's Franchise Agreement with Franchisor, and any other agreement between Sublessee or its affiliates and Sublessor, Franchisor, or their affiliates. The Sublease Security Deposit is not an advance rental deposit or a measure of Sublessor's damages in case of Sublessee's default. Upon each occurrence of an Event of Default hereunder (as defined in Section 15 below), or monies owed to Sublessor, Sublessor or Franchisor or their affiliates may use all or part of the Sublease Security Deposit to pay delinquent payments due under this Sublease, the Franchise Agreement, and/or any other agreement between Sublessee or its affiliates and Sublessor, Franchisor, or their affiliates, and the cost of any damage, injury, expense or

liability caused by such default, without prejudice to any other remedy provided herein or provided by law. Sublessee will pay Sublessor on demand, or Sublessor may draw on Sublessee's bank account, the amount that will restore the Sublease Security Deposit to its original amount. Sublessor's obligation respecting the Sublease Security Deposit is that of a debtor, not a trustee; no interest will accrue thereon unless otherwise required by law. The Sublease Security Deposit will be the property of Sublessee, but will be refunded to Sublessee when Sublessee's obligations under this Sublease, the Franchise Agreement, and any other agreement between Sublessee or its affiliates and Sublessor, Franchisor, or their affiliates have been completely fulfilled. Sublessee agrees and acknowledges that the Sublease Security Deposit is separate and distinct from the security deposit held by the Landlord in the amount set forth on Exhibit A ("Lease Security Deposit"). In addition to the Sublease Security Deposit Sublessee will be required to deposit with Sublessor, Sublessee may also be required to reimburse to, and deposit with, Sublessor for the Lease Security Deposit.

4.2. Security Agreement. Sublessee hereby grants Sublessor a security interest, and this Sublease constitutes a security agreement within the meaning of and pursuant to the Uniform Commercial Code of the state in which the Premises is located, in and to all of Sublessee's property situated in, or upon, or used in connection with the Premises (except merchandise sold in the ordinary course of business) (collectively, "Collateral") as security for all of Sublessee's obligations hereunder, including, without limitation, the obligation to pay Rent and other monetary amounts hereunder. Such property thus encumbered includes specifically all trade fixtures and any other fixtures removable by Sublessor, as tenant, pursuant to the Lease, inventory, equipment, signage, small wares, furniture, contract rights, accounts receivable and the proceeds thereof. Sublessee hereby irrevocably authorizes Sublessor to file such financing statements and other Uniform Commercial Code filings as Sublessor deems appropriate in order to perfect such security interest. Sublessee further agrees to execute such other financing statements as reasonably requested by Sublessor to further secure Sublessor's interest under this Section 4.2 as often as Sublessor in its discretion shall require.

5. Utilities. Sublessee will arrange for and pay for, prior to delinquency, the cost of any and all electricity, water, gas, sewer, telephone and other utilities consumed in the Premises commencing on the date Sublessee is permitted to access the Premises and continuing during the Term hereof (collectively, "Utilities"), unless Landlord expressly pays for the same pursuant to the Lease or the cost thereof is paid by Sublessee as Operating Expenses. Such payments will be made directly to the utility provider unless the Lease provides otherwise. Notwithstanding the foregoing, Sublessor may elect to arrange for and/or pay the cost of such Utilities directly to the utility provider. If Sublessor so elects, then Sublessee will pay to Sublessor any and all amounts due for such Utilities upon demand. As may be applicable, Sublessor may draw against Sublessee's bank account from time to time for the full amount of the cost of such Utilities or Sublessee's reasonable estimate of the costs thereof. Any failure to pay the cost of Utilities to Sublessor or any utility provider, as applicable, when due will be deemed a failure to pay Rent hereunder and will entitle Sublessor to exercise its remedies hereunder.

6. Use. Sublessee will use the Premises solely for the operation of the [BRAND] Restaurant in accordance with the terms and conditions of the Lease, this Sublease, and all applicable federal, state, and local laws, and for no other purpose whatsoever.

7. Sublessor's Obligations. Subject to the terms of this Sublease, Sublessor is conveying to Sublessee only those rights to the Premises that it has acquired by virtue of the Lease respectively. Sublessee acknowledges that the Lease sets forth certain Landlord obligations, which, as between Sublessor and Sublessee, Sublessor is not obligated to perform. Sublessee waives and releases Sublessor from any and all claims Sublessee may now or hereafter have against Sublessor with respect to any and all such obligations and/or the contents of the Lease or any provision thereof, all of which have been read and approved by Sublessee. If Landlord fails to perform its obligations under the Lease, Sublessee will promptly send Sublessor written notice specifically describing the default in detail. Upon receipt of such notice, Sublessor will promptly notify Landlord of the alleged default. Sublessor will not be obligated to bring or defend any claim or action against Landlord and, if it declines to do so, Sublessee, at Sublessee's sole expense, will have the right to do so, in which event Sublessee will indemnify, defend, and hold harmless the Indemnified Parties (as defined in Section 11 below) against the same.

8. Maintenance, Repair, and Alterations. Without limiting the generality of Section 1.1 herein, Sublessee will maintain the Premises in good condition and repair and will perform all of “Tenant’s” (as defined in Exhibit A) maintenance, repair, and replacement obligations under the Lease. Sublessee acknowledges that Sublessor will have no repair or maintenance obligations with respect to the Premises or the shopping center/development (“Project”) in which the Premises is located. Sublessee will not perform any construction or make any alterations, additions, or changes to the Premises without Sublessor’s prior written consent and, if required by the Lease, Landlord’s written approval. Upon the expiration of the Term or the sooner termination of this Sublease, Sublessee will surrender the Premises in good condition and repair, in as good a condition or better than required at the time of Sublessor’s surrender under the Lease.

9. Assignment and Subletting. Without the prior written consent of Sublessor, which consent may be withheld in Sublessor’s sole and absolute discretion: (a) Sublessee will not assign, transfer, convey, pledge, or mortgage this Sublease or any interest therein, whether by operation of law or otherwise; (b) no interest in Sublessee may be assigned, transferred, conveyed, pledged, or mortgaged, whether by operation of law or otherwise, including without limitation, a merger or consolidation of Sublessee with another entity or the dissolution of Sublessee; and (c) Sublessee will not sublet all or any part of the Premises. Sublessor’s consent to the assignment of this Sublease or subletting of the Premises will not in any way relieve Sublessee of its obligations under this Sublease. Any assignment, transfer, conveyance, pledge, mortgage, or subletting in violation of this Section 9 will be voidable at the sole option of Sublessor. Sublessee acknowledges that any assignment or subletting to which Sublessor may consent will be conditioned upon Landlord’s consent thereto, if Landlord’s consent is required under the Lease. Any assignment of this Lease or subletting of the Premises by Sublessee will be subject to the provisions of Section 6 above.

10. Risk of Loss. Except to the extent caused by the negligence or intentional misconduct of Sublessor and to the fullest extent permitted by law, (a) Sublessee assumes all risk of loss of or damage to Sublessee’s property located within the Premises or the Project, including any loss or damage caused by water leakage, fire, windstorm, explosion, theft, vandalism, earthquake, act of God or act of any other tenant or third party; and (b) Sublessee waives any claim, demand, and/or action against Sublessor for injury, death, or property damage occurring in or around the Premises or Project during the Term.

11. Indemnification. To the fullest extent permitted by law, Sublessee hereby agrees to indemnify, defend (with counsel acceptable to Sublessor), release, and hold harmless Sublessor and its affiliates, and each of their respective officers, directors, contractors, agents, attorneys, and employees (collectively, “Indemnified Parties”), against all claims, demands, damages, losses, causes of action, and actions of any kind or nature whatsoever, and all related costs and expenses (including reasonable attorneys’ fees): (a) for injury, death, disability, or illness of any person, or damage to property, occurring in or around the Premises or Project or arising out of Sublessee’s use of the Premises or Project; (b) in connection with or arising from the terms, conditions, requirements, and/or provisions of the Lease (or Sublessor’s negotiation or documentation thereof) and this Sublease; and (c) in connection with or arising from any mechanics’ or materialmen’s lien or claim filed against the Premises for work performed or materials furnished by or on behalf of Sublessee, except to the extent caused by the intentional misconduct of Sublessor. It is expressly agreed that Sublessee’s obligations under this Section 11 will survive the expiration or earlier termination of this Sublease for any reason.

12. Insurance. Sublessee will provide such commercial general liability, property, and other insurance coverages as Sublessor may reasonably request with respect to the operation of Sublessee’s business in the Premises, but in no event less than the insurance coverage required to be carried by “Tenant” pursuant to the Lease (including, but not limited to, loss of rent insurance). The insurance will be with companies reasonably acceptable to Sublessor, written on an occurrence basis, provide primary coverage, and name Sublessor (and Sublessor’s area representative, if any), and Landlord as additional insureds or loss payees as their interests may appear, as applicable and as otherwise required of the “Tenant” under the Lease. The liability policy will contain a contractual liability endorsement. Sublessee will deliver certificates evidencing the insurance required by this Section 12, which provide that the insurance may not be cancelled or materially changed in the scope or amount of coverage unless thirty (30) days’ advance written notice is given to Sublessor and Landlord.

13. Right to Inspect. Sublessor, and its agents, employees, and representatives, will have the right to inspect the Premises at any time during business hours to determine Sublessee's compliance with the terms of this Sublease and the Lease.

14. Acceptance of Premises; Sublessee's Representations. Upon the date that Landlord delivers possession of the Premises to Sublessor and Sublessor delivers possession of the Premises to Sublessee (which may occur simultaneously), Sublessee agrees to accept the Premises in an "AS IS" condition, without any representations or warranties except as set forth in this Sublease. Sublessee represents and confirms to Sublessor that Sublessee has selected the Premises for the location of a [BRAND] Restaurant to be established and operated by Sublessee and that: (a) no representative, agent, attorney or employee of Sublessor made any representations, inducements, or promises about the Premises, the Lease or the entry into this Sublease except as set forth in this Sublease; (b) no representative, agent, attorney or employee of Sublessor made any representations, inducements or promises about the characteristics or conditions regarding or pertaining to the Premises or the shopping center/development in which the Premises is situated; (c) Sublessee has independently investigated the potential for the success of its operations in the Premises and has not relied upon any representations, inducements or promises by Sublessor's representatives, agents, attorney or employees, or any area representative except as set forth in this Sublease; (d) Sublessee has concluded that the Premises has a reasonable opportunity for success as a [BRAND] Restaurant; (e) Sublessee has inspected the Premises and finds the same in acceptable condition; (f) Sublessor has made no representation or warranty as to the suitability of the Premises for the conduct of Sublessor's business except as set forth in this Sublease; (g) Sublessee waives any implied warranty that the Premises are suitable for Sublessee's intended purposes; (h) Sublessee accepts full responsibility for the consequences of Sublessee's decision to operate a [BRAND] Restaurant at the Premises in accordance with the terms of this Sublease, the Lease, and the Franchise Agreement; and (i) Sublessee has thoroughly reviewed the Lease and this Sublease and has been advised by its legal counsel regarding the Lease and this Sublease, or Sublessee has made a reasoned and fully informed decision not to be so represented by counsel and understands and acknowledges the significance and consequences of such decision, and Sublessee is fully knowledgeable about and is fully satisfied with the terms and provisions of the Lease and this Sublease, and assumes all of its obligations as tenant under, the Lease and this Sublease. Sublessee acknowledges that the foregoing representations by Sublessee are a material inducement to Sublessor's execution of this Sublease.

15. Default.

15.1. An "Event of Default" will occur if at any time during the Term: (a) Sublessee defaults in the payment of Rent or other payment due hereunder and the same is not cured within three (3) days after written notice thereof; provided, however, Sublessor will be obligated to give only two (2) such notices in any calendar year, with any subsequent payment default to be an Event of Default if such failure to pay continues for a period of three (3) days or more from the date such payment is due (even without any notice given by Sublessor); (b) Sublessee defaults in any other obligation under this Sublease, including, but not limited to, causing or permitting the occurrence of any event which, but for the passage of time or the giving of notice, or both, would constitute a default under the Lease, and the same is not cured within ten (10) days after written notice thereof or such shorter cure period as may be set forth in the Lease; (c) Sublessee defaults in any obligation under the Franchise Agreement or any other agreement between Sublessor (or its affiliates) and Sublessee (or its affiliates), and the same is not cured within ten (10) days after written notice thereof; (d) any proceeding is begun by or against Sublessee to subject the assets of Sublessee to any bankruptcy or insolvency law or for an appointment of a receiver of Sublessee or for any of Sublessee's assets; or (e) Sublessee makes a general assignment of Sublessee's assets for the benefit of its creditors.

15.2. Upon an Event of Default, Sublessor may at any time thereafter at its election: (a) terminate this Sublease; (b) terminate Sublessee's right of possession in the Premises; (c) cure any such default and receive from Sublessee, as additional rent, all costs incurred in doing so, plus interest at the lesser of fifteen percent (15%) per annum or the highest rate permitted by law; (d) exercise any remedy available to Landlord under the Lease; and/or (e) pursue any other remedies available at law or in equity. All of Sublessor's remedies provided herein will be cumulative and non-exclusive. Upon the termination of this Sublease or termination of Sublessee's right of possession, it will be lawful for Sublessor, without formal

demand or notice of any kind, to re-enter the Premises, by summary dispossession proceedings or otherwise, and to remove Sublessee and all persons and property therefrom. If Sublessor re-enters the Premises following an Event of Default, Sublessor will have the right to keep in place and use, or remove and store, all of the furniture, fixtures, equipment, signage, inventory, and other items covered by Sublessor's lien pursuant to Section 4.2 hereof. No action taken by Sublessor pursuant to this Section 15 will relieve Sublessee of its obligations under this Sublease or will be deemed an act terminating this Sublease or declaring the Term hereof ended unless notice is served upon Sublessee by Sublessor expressly setting forth therein that Sublessor elects to terminate this Sublease or declare the Term ended.

15.3. If, following an Event of Default, Sublessor terminates this Sublease, Sublessor may recover from Sublessee the sum of: (a) all Rent and all other amounts accrued hereunder to the date of such termination; (b) the cost of reletting the whole or any part of the Premises, including without limitation brokerage fees and/or leasing commissions incurred by Sublessor, and costs of removing, and storing Sublessee's or any other occupant's property, and repairing, altering, remodeling, or otherwise putting the Premises into a condition acceptable to a new tenant or tenants and the Landlord; (c) all reasonable expenses incurred by Sublessor in pursuing its remedies, including, but not limited to, reasonable attorneys' fees and court costs; and (d) an amount in cash equal to the then present value of the Rent and other amounts payable by Sublessee under this Sublease as would otherwise have been required to be paid by Sublessee to Sublessor during the period following the termination of this Sublease measured from the date of such termination to the expiration date stated in this Sublease. Such present value will be calculated at a discount rate equal to the ninety (90) day U.S. Treasury Bill Rate at the date of such termination.

15.4. If, following an Event of Default, Sublessor terminates Sublessee's right of possession of the Premises (but not this Sublease), Sublessor may, but will be under no obligation to, relet the Premises for the account of Sublessee for such rent and upon such terms as shall be satisfactory to Sublessor without thereby releasing Sublessee from any liability hereunder and without demand or notice of any kind to Sublessee. If the Premises are not relet, then Sublessee will pay to Sublessor as damages a sum equal to the cost of recovering possession of the Premises (including attorneys' fees and costs of legal action), the unpaid Rent (resulting from any prior default and those amounts due and owing through the end of the Term), and other amounts accrued hereunder at the time of repossession, and the costs incurred in any attempt by Sublessor to relet the Premises. If the Premises are relet and a sufficient sum shall not be realized from such reletting (after first deducting therefrom, for retention by Sublessor, the unpaid Rent and other amounts accrued hereunder at the time of reletting, the cost of recovering possession, including attorneys' fees and costs of suit, all of the costs and expense of repairs, changes, alterations, and additions, the expense of such reletting, including without limitation brokerage fees and leasing commissions, and the cost of collection of the rent accruing therefrom) to satisfy the rent provided for in this Sublease to be paid, then Sublessee will immediately satisfy and pay any such deficiency. Any such payments due to Sublessor will be made upon demand therefor from time to time and Sublessee agrees that Sublessor may file legal action to recover any and all sums due and owing under the Sublease and through the Term thereof. Notwithstanding any such reletting without termination, Sublessor may at any time thereafter elect in writing to terminate this Sublease for such previous breach.

16. Brokerage. Sublessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction. Without limiting the foregoing, Sublessee will pay to any broker, agent or other person all commissions and other compensation that may be due as a result of Sublessee's dealings with such broker, agent or other person in connection with this leasing transaction and will indemnify, defend, and hold Sublessor harmless from and against any claims by any such broker, agent or other person claiming a commission or other form of compensation by virtue of actually or allegedly having dealt with Sublessee with regard to this leasing transaction.

17. Notices. All communications or notices required or permitted to be given or served under this Sublease must be in writing and must be: (a) delivered in person or by courier (including by Federal Express or other courier); or (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested; (c) in addition to the requirements in (a) or (b), notice must be sent via electronic mail ("Email") which shall be deemed delivered by the sending party only upon written

confirmation by the receiving party; provided, however, that an automated email confirmation of delivery or read receipt shall not constitute such confirmation; addressed as follows:

If to Sublessor: [COMPANY NAME]
12701 Whitewater Drive, Ste. 100
Minnetonka, MN 55343
Attn: Legal Department
Email: us.leases@mtygroup.com

With a copy to: KAHALA MANAGEMENT, LLC
9311 E. Via De Ventura
Scottsdale, AZ 85258
Attention: Legal Department
Email: us.leases@mtygroup.com

If to Sublessee: At the Premises or as designated
in the notice provision(s) of the
Franchise Agreement
Email: _____

All communications and notices will be effective upon delivery in person or by courier (with proof of delivery) in the manner set forth above. Any party may change his, her, or its address by giving notice in writing, stating his, her, or its new address, to the other party to this Sublease as provided in the foregoing manner.

18. Personal Property Taxes. Sublessee will comply with all legal requirements for filing a personal property tax return for, and paying all taxes assessed against, all personal property, equipment, and fixtures located within the Premises during the Term hereof, with such payment to be made by Sublessee directly to the taxing authority on or before the due date thereof.

19. Quiet Enjoyment. So long as Sublessee pays all amounts due hereunder and performs all other covenants and agreements herein set forth, and so long as no Event of Default exists, Sublessee will peaceably and quietly have, hold, and enjoy the Premises for the Term without hindrance from Sublessor subject to the terms and provisions of this Sublease. As this is a Sublease, Sublessee agrees to take the Premises subject to the terms of the Lease and all matters of record.

20. Governing Law. This Sublease and all questions relating to its validity, interpretation, performance, and enforcement will be governed by and construed, interpreted and enforced in accordance with the laws of the State of Minnesota, notwithstanding any Minnesota or other state's conflict of laws provisions to the contrary.

21. Attorneys' Fees. If either party should prevail in any litigation or other legal proceeding instituted by or against the other related to this Sublease, the final prevailing party, as determined by the court or the like, will receive from the non-prevailing party all costs and reasonable attorneys' fees (payable at standard hourly rates) incurred in such litigation or other legal proceeding, including costs on appeal, as determined by the court or the like. Sublessee will also pay to Sublessor, as additional rent, Sublessor's reasonable attorneys' fees incurred as a result of any breach or default by Sublessee under this Sublease.

22. Successors and Assigns. Subject to Section 9 of this Sublease, which restricts Sublessee's rights to assign this Sublease and its rights hereunder, this Sublease will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs, and successors. Any attempt by Sublessee to assign this Sublease, or any of its rights hereunder, or to delegate its obligations hereunder, without strict compliance with the terms of Section 9 will be void. Notwithstanding anything contained in this Sublease to the contrary, Sublessor may assign this Sublease, or any of its rights

hereunder, or delegate any of its obligations hereunder, without the consent of Sublessee or any other person.

23. Joint and Several Liability. If Sublessee consists of more than one person or entity, the obligations hereunder will be joint and several.

24. Entire Agreement. This Sublease, including the exhibits hereto contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes, replaces, and extinguishes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits hereto and such other agreements (whether between the current parties or a former sublessee) are hereby incorporated in this Sublease by this reference and constitute a part of this Sublease. This Sublease supersedes all prior and/or contemporaneous subleases and agreements of intent to sublet between the parties (or their respective affiliates) with respect to the Premises.

25. Counterparts. This Sublease may be executed (including by electronic signature) in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

26. Time is of the Essence. Time is of the essence as to the performance of the parties' obligations under this Sublease.

27. Waiver of Right to Jury Trial, Class Action and Certain Damages. IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN SUBLESSOR AND SUBLESSEE ARISING OUT OF THIS SUBLEASE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO, SUBLESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW: (A) THE RIGHT TO A JURY TRIAL OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE; (B) THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING ARBITRATION; AND (C) THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND/OR SPECIAL DAMAGES IN ANY FORUM, INCLUDING ARBITRATION.

28. Personal Guaranty. If Sublessee is an individual and married, the obligations and liabilities of Sublessee under this Sublease shall be personally guaranteed by the Sublessee's spouse, in the form of guaranty attached hereto as Exhibit D and incorporated herein by reference. If the Sublessee is a corporation, limited liability company, or other business entity, the obligations and liabilities of Sublessee shall be personally guaranteed by each of the Sublessee's shareholders, members, or other owners, direct or indirect (and their respective spouses, if married) in the form of a guaranty attached hereto as Exhibit D and incorporated herein by reference. In the event any person who has not previously signed said guaranty becomes Sublessee's spouse or Sublessee's shareholder, member, or other owner, direct or indirect, or a spouse of such owner, at any time after the execution of this Sublease, Sublessee must cause such person(s) to immediately execute and deliver said guaranty of the Sublease to Sublessor.

29. Plurals, Possessives and Captions. Words in the singular number include the plural when the context requires (and vice-versa), and defined terms include the possessive when the context requires (and vice-versa).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Sublessee and Sublesslor executed this Sublease as of the Execution Date which is effective as of the Effective Date.

SUBLESSEE: _____, a/an _____

By: _____
_____, _____

[COMPANY]: [COMPANY], a/an _____

By: _____
_____, Authorized Representative

Restaurant No. _____

**Exhibit A
to
Sublease**

Execution Date:	, 2025
Effective Date of Sublease:	Effective as of the “Closing Date” as defined in the Asset Purchase Agreement (“Purchase Agreement”) executed contemporaneously herewith.
Name of Sublessee:	
Lease:	By and between [COMPANY] (“ <u>Tenant</u> ”) and [COMPANY] (“ <u>Landlord</u> ”)
Premises:	
Commencement Date of Lease:	
Expiration Date of Lease:	
How many option(s) to extend the Lease are remaining and Option Terms:	
Lease Security Deposit currently held by Landlord:	
Sublease Security Deposit:	
Exercise Renewal Option(s) Notice Date to Landlord:	

**Exhibit B
to
Sublease**

LEASE AGREEMENT

Exhibit C
to
Sublease

Lease Verification Checklist

By initialing below, Sublessee hereby acknowledges reviewing and understanding the attached Lease for the Premises, including all amendments and addendums thereto, (attached as Exhibit B), and accepts to be bound by all the terms contained therein:

Sublessee acknowledges and agrees to be bound by all of the terms of the Lease, including, but not limited to, the following:

INITIALS:

Current monthly rental payment amounts (Sublessee acknowledges are subject to periodic increases as detailed in the Lease), including CAM, NNN, taxes, and related fees

Lease term, including any renewal options

Exhibit D
to
Sublease

GUARANTY OF SUBLEASE

In order to induce [COMPANY], a/an _____ (“[COMPANY]”) to enter into that certain Franchise Agreement, as amended (collectively the “Franchise Agreement”) executed as of the Execution Date (as defined therein) and effective as of the Effective Date (as defined therein) with _____, a/an _____ (“Franchisee”, “you” or “yours”), and to induce Sublessor to enter into that certain sublease (“Sublease”) executed as of the Execution Date and effective as of the Effective Date with Franchisee, as “Sublessee”, covering the [BRAND] restaurant (“Restaurant”) located at: _____, the undersigned (individually and collectively, “Guarantor”), each hereby personally guarantees the payment and performance of, and each agrees to pay and perform as a primary obligor, all liabilities, obligations, and duties (including, but not limited to, payment of rent) imposed upon Franchisee as Sublessee under the terms of the Sublease, as if Guarantor had executed the Sublease as Sublessee thereunder.

Recitals

A. Guarantor is a shareholder, partner, member, or other person or entity interested in effecting the execution of the Sublease and the grant of rights thereunder.

B. Without this Guaranty of Sublease (“Guaranty”), [SUBLESSOR/COMPANY] cannot be assured that there are sufficient assets to operate the [BRAND] Restaurant or to protect [SUBLESSOR/COMPANY] in the event of a default by Sublessee.

C. Sublessor is willing to enter into the Sublease only if Guarantor personally guarantees faithful performance of all the terms of the Sublease.

D. Guarantor acknowledges Guarantor received and read the Sublease, and all exhibits thereto, and agrees to be bound to the obligations in this Guaranty with regard to the Sublease.

Agreement

1. In consideration of the above recitals, Guarantor personally guarantees, for the benefit of Sublessor, its parent, subsidiaries, affiliates, and successors and assigns, the prompt and complete performance of all the covenants and conditions contained in the Sublease.

2. This Guaranty is effective until all terms of the Sublease have been fully and completely performed by Sublessee and shall continue through the entire term of the Sublease as the same may be renewed or extended. No release of Sublessee or discharge of Sublessee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor to Sublessor hereunder.

3. Sublessor is not required to proceed first against the Sublessee, but may proceed first against Guarantor alone or concurrent with proceeding against Sublessee. The obligations of Guarantor hereunder are absolute and unconditional.

4. Sublessee and Sublessor may from time to time alter or modify the Sublease between themselves, possibly changing or increasing the extent of Guarantor’s obligation under this Guaranty. Guarantor consents to any and all modifications or amendments of the Sublease and related documents, without requiring notice to Guarantor or Guarantor’s consent.

5. Guarantor agrees specifically to be bound by any confidentiality requirements in the Sublease.
6. Guarantor waives any requirement that Sublessor may have, if any, to provide notice of acceptance of this Guaranty and/or notice of non-performance or non-payment by Sublessee of any of its obligations or liabilities under the Sublease.
7. Guarantor agrees to pay all attorneys' fees, costs, and expenses incurred by Sublessor in enforcing this Guaranty, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court. Guarantor assumes all liability for all losses, costs, attorneys' fees, and expenses that Sublessor incurs as a result of a default by Sublessee, including those fees and expenses incurred in a bankruptcy proceeding involving Sublessee.
8. Guarantor hereby agrees that upon notice of default or upon an uncured default of the Sublease or any other agreement between Guarantor (or a legal entity thereof) and Sublessor or its affiliates, and with no prior notice, Guarantor consents to Sublessor (or its affiliates' or third-party contractors') acquisition and use of non-business consumer credit reports on Guarantor in order to evaluate as necessary the financial condition of Guarantor as principal, member, manager, franchise owner, and/or guarantor in connection with the collection of monetary obligations as contemplated by the Franchise Agreement, the Sublease, this Guaranty, a promissory note, or any other agreements between Guarantor (or a legal entity thereof) and Sublessor or its affiliates. Guarantor hereby knowingly consents to the use of such credit reports consistent with the Federal Fair Credit Reporting Act as contained in 15 U.S.C. § 1681 et seq.
9. This Guaranty is personal to Guarantor and the obligations and duties imposed herein may not be delegated or assigned; provided, however, that this Guaranty shall be binding upon the successors, assigns, and personal representatives of Guarantor. This Guaranty shall inure to the benefit of Sublessor its affiliates, successors, and assigns.
10. In the event that any one or more provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed to bind Guarantor to the maximum extent permitted by law that is subsumed within the terms of such provision as though it were separately articulated herein.
11. This Guaranty shall be interpreted and construed under the laws of the State of Minnesota, which laws shall prevail in the event of any conflict of law. Any appropriate state or federal court located in Hennepin County, Minneapolis, Minnesota has exclusive jurisdiction over any case or controversy arising under or in connection with this Guaranty and is the proper forum in which to adjudicate the case or controversy, and the parties hereto irrevocably submit to the jurisdiction of any such court. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS SECTION 12 SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.
12. If Guarantor consists of two (2) or more persons, then each person will be jointly and severally liable under the provisions of this Guaranty.
13. Guarantor acknowledges (i) that it is a condition to the granting of the Sublease to Sublessee that Guarantor shall execute and deliver this Guaranty to Sublessor, (ii) that Sublessor has entered into the Sublease in reliance upon the agreement of Guarantor to do so, and (iii) that, as owners of the Sublessee, if applicable, Guarantor has received adequate consideration to support its execution of this Guaranty. This Guaranty does not grant or create in the undersigned any interests, rights or privileges in any franchise or the Franchise Agreement.

GUARANTOR:

_____, an individual

_____, an individual

Exhibit B
Intentionally Omitted

Exhibit C
Franchisees of Village Inn Restaurants

The following is a list of franchisees as of November 30, 2025:

Franchise Company	Owners	Address	City	State	Zip	Phone
Sunny Side Up North LLC	Doug Foster	1130 E Northern Lights Blvd	Anchorage	AK	99508	9072796012
Sherwood Hospitality Group, LLC	Paul Walker,James Walker	3364 N College Ave	Fayetteville	AR	72703	4795211880
Sherwood Hospitality Group, LLC	Paul Walker,James Walker	2300 SE Walton Blvd	Bentonville	AR	72712	4794640777
Sherwood Hospitality Group, LLC	Paul Walker,James Walker	7620 Rogers Ave	Fort Smith	AR	72903	4794527007
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	4040 East Bell Road	Phoenix	AZ	85032	6027650458
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	10010 West McDowell Road	Avondale	AZ	85323	6234780895
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	2780 E. Germann Rd.	Chandler	AZ	85286	4808558250
WALKER-DSC/CAPQ, LLC	James Walker,Paul Walker	1863 S. Signal Butte Road	Mesa	AZ	85209	4803574444
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	9560 E. 22nd Street	Tucson	AZ	85716	5208868100
Family Restaurants INC	Mark Hampton	1910 North Ave	Grand Junction	CO	81501	9702435467
ARCHCO of Greeley - Centerplace LLC	Dana Deuel,Brian Bau,Linda Bau	4318 Centerplace Drive	Greeley	CO	80634	9703535187
ARCHCO of Loveland LLC	Brian Bau,Linda Bau,Dana Deuel	1225 W Eisenhower Blvd	Loveland	CO	80537	
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	535 Garden of the Gods Rd.	Colorado Springs	CO	80907	7195985331
Family Restaurants INC	Mark Hampton	102 W 6th St	Glenwood Springs	CO	81601	9709459275
ARCHCO of Sterling LLC	Brian Bau,Linda Bau,Dana Deuel	203 N Fourth St	Sterling	CO	80751	9705224882
WALKER-DSC/CAPQ, LLC	James Walker,Paul Walker	15200 East Iliff Ave.	Aurora	CO	80014	3037508288
ARCHCO of La Junta LLC	Brian Bau,Linda Bau,Dana Deuel	5 Wal-Mart Wy-use PO Box	La Junta	CO	81050	7193841084

ARCHCO of Pueblo, LLC	Brian Bau,Linda Bau,Dana Deuel	4719 N Elizabeth St	Pueblo	CO	81008	
ARCHCO of Brighton LLC	Linda Bau,Dana Deuel,Brian Bau	710 Platte River Blvd	Brighton	CO	80601	3036598663
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	3160 S. Wadsworth Bl.	Lakewood	CO	80227	3039853608
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	7051 Tower Road	Denver	CO	80249	3035741915
WALKER-DSC/CAPQ, LLC	James Walker,Paul Walker	24102 East Prospect Ave	Aurora	CO	80016	3036804900
WALKER-DSC/CAPQ, LLC	James Walker,Paul Walker	16775 North Washington Street	Thornton	CO	80023	7209291500
Dow Corporation Sherwood	James Walker,Paul Walker	215 N Dale Mabry Hwy	Tampa	FL	33609	8138772617
Dow Corporation Sherwood	James Walker,Paul Walker	11302 N 30th St	Tampa	FL	33612	8139777925
Dow Corporation Sherwood	Paul Walker,James Walker	7011 W Hillsborough Ave	Tampa	FL	33634	8138845292
4th Street Group LLC	Lloyd 'Danny' Lehan	9107 Fourth St. North	St. Petersburg	FL	33702	7275765005
VI Zephyrhills LLC	Lloyd 'Danny' Lehan	5214 Gall Blvd	Zephyrhills	FL	33542	
Dow Corporation Sherwood	James Walker,Paul Walker	900 N. Ponce De Leon Blvd.	St. Augustine	FL	32084	9048244377
Michael Titze Company Inc.	Michael Titze	1225 Park Avenue East	Tallahassee	FL	32301	
Dow Corporation Sherwood	James Walker,Paul Walker	2925 S Washington Ave	Titusville	FL	32780	3212676611
LDL Holdings Inc.	Lloyd 'Danny' Lehan	13105 Walsingham Road	Largo	FL	33774	7275964310
Michael Titze Company Inc.	Michael Titze	3392 Lonnbladh Rd	Tallahassee	FL	32308	
Dow Corporation Sherwood	Paul Walker,James Walker	3101 U.S. 27 South	Sebring	FL	33870	8633853939
Dow Corporation Sherwood	Paul Walker,James Walker	4571 13th St	St. Cloud	FL	34769	4079575880
Michael Titze Company Inc.	Michael Titze	4843 Highway 90	Pace	FL	32571	
VI Brandon LLC	Lloyd 'Danny' Lehan	11019 Causeway Blvd	Brandon	FL	33511	(727) 385-8917
VI Land O Lakes LLC	Lloyd 'Danny' Lehan	22601 State Road 54	Land O' Lakes	FL	34639	8139094906

MDLAF LLC	Dean LaFollette,Mary LaFollette	10293 Big Bend Rd.	Riverview	FL	33579	8137413200
Bay Pines Group LLC	Lloyd 'Danny' Lehan	10156 Bay Pines Blvd	Seminole	FL	33708	7273175700
VI OLDSMAR LLC	Lloyd 'Danny' Lehan,Paula.Cummings,Robert.Cummings	3682 Tampa Rd	Oldsmar	FL	34677	
Boyer Restaurants Inc.	Scott Boyer	1940 John F. Kennedy Rd	Dubuque	IA	52002	5635560893
Boyer Restaurants Inc.	Scott Boyer	6301 University Ave.	Cedar Falls	IA	50613	3192775551
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	2300 University Avenue	West Des Moines	IA	50266	5152230010
Boyer Restaurants Inc.	Scott Boyer	2002 N 15th St	Fort Dodge	IA	50501	5159552002
Boyer Restaurants Inc.	Scott Boyer	212 W Ridgeway	Waterloo	IA	50701	3192912010
WALKER-DSC/CAPQ, LLC	Paul Walker,James Walker	2122 53rd St.	Moline	IL	61265	3097975556
Sherwood Hospitality Group, LLC	Paul Walker,James Walker	200 N 36th St	Quincy	IL	62301	2172281817
Kaw Pancake Houses Inc.	Anne Donaldson,Robert G. McDaniel,Melanie McDaniel,Leslie Brier,John Hoyt,Kathy Hoyt	5800 Broadmoor St	Mission	KS	66202	
Boyer Restaurants Inc.	Scott Boyer	7020 W Central	Wichita	KS	67212	3169452400
Boyer Restaurants Inc.	Scott Boyer	1685 S Rock Rd	Wichita	KS	67207	3166874454
Boyer Restaurants Inc.	Scott Boyer	2901 N Main St.	Hutchinson	KS	67502	6206623116
Boyer Restaurants Inc.	Scott Boyer	3535 S Meridian	Wichita	KS	67217	3169469000
Boyer Restaurants Inc.	Scott Boyer	1200 N Rock Rd	Derby	KS	67037	3167889500
Village square LLC	Reza Sakaki	940 Holiday Dr	Moorhead	MN	56560	
Majestic Lake Corporation	Paul Jacobsen,Christina Jacobsen	1500 13th St S	Virginia	MN	55792	2187498289
Wyoming Restaurants Incorporated	Lyle Johansen	4848 E Viking Blvd	Wyoming	MN	55092	6514622669
Village Inn Pancake House of Springfield Inc.	William S. Greene,Charles W. Greene,Bob Greene,Billy Greene	2036 S. Glenstone Ave	Springfield	MO	65804	4178810774
Village Inn Pancake House of Springfield Inc.	William S. Greene,Charles W. Greene,Billy Greene,Bob Greene	4222 S. Campbell Ave	Springfield	MO	65810	4178874774

Village Inn Pancake House of Springfield Inc.	William S. Greene, Charles W. Greene, Billy Greene, Bob Greene	850 N 17th St	Ozark	MO	65721	4175818815
Village Inn Pancake House of Springfield Inc.	Billy Greene, Bob Greene, William S. Greene, Charles W. Greene	533 East Elm Street	Republic	MO	65738	4176472200
WALKER-DSC/CAPQ, LLC	James Walker, Paul Walker	5425 L St.	Omaha	NE	68117	4027345700
WALKER-DSC/CAPQ, LLC	James Walker, Paul Walker	5001 Van Dorn	Lincoln	NE	68506	4024882424
WALKER-DSC/CAPQ, LLC	Paul Walker, James Walker	8304 S. 72nd Street	Papillion	NE	68046	4023399339
BB Mall, LLC	Paul Bronstein	2282 Wyoming Boulevard NE	Albuquerque	NM	87112	5052946191
Verlander Enterprises, LLC	James Welsh (Jim), John M. Verlander (Mike)	1435 South Valley Drive	Las Cruces	NM	88005	
BB Far North LLC	Paul Bronstein	6300 San Mateo Boulevard	Albuquerque	NM	87109	5050585058
WALKER-DSC/CAPQ, LLC	James Walker, Paul Walker	514 Scott Ave.	Farmington	NM	87401	5053253498
BB Yale, LLC	Paul Bronstein	2340 Yale Boulevard SE	Albuquerque	NM	87106	5052435476
New Mexico Restaurant Investors Inc.	Linda Fresquez, Charles L. Fresquez	1741 Rio Rancho Dr SE	Rio Rancho	NM	87124	
WALKER-DSC/CAPQ, LLC	Paul Walker, James Walker	2745 South Harvard	Tulsa	OK	74114	9187423515
Verlander Enterprises, LLC	James Welsh (Jim), John M. Verlander (Mike)	7144 Gateway E	El Paso	TX	79915	
Verlander Enterprises, LLC	John M. Verlander (Mike), James Welsh (Jim)	6040 N Mesa St	El Paso	TX	79912	
Verlander Enterprises, LLC	James Welsh (Jim), John M. Verlander (Mike)	2275 Trawood Dr	El Paso	TX	79935	
Verlander Enterprises, LLC	James Welsh (Jim), John M. Verlander (Mike)	1500 Airway Blvd	El Paso	TX	79925	

Verlander Enterprises, LLC	James Welsh (Jim), John M. Verlander (Mike)	2929 N Mesa St.	El Paso	TX	79902	9155440229
Verlander Enterprises, LLC	John M. Verlander (Mike), James Welsh (Jim)	3464 Joe Battle Blvd	El Paso	TX	79938	
WALKER-DSC/CAPQ, LLC	James Walker, Paul Walker	5941 South State St.	Murray	UT	84107	8012681292
WALKER-DSC/CAPQ, LLC	Paul Walker, James Walker	933 South University Avenue	Provo	UT	84606	8013733037
WALKER-DSC/CAPQ, LLC	James Walker, Paul Walker	4824 W 3500 S	West Valley City	UT	84120	8019692288
WALKER-DSC/CAPQ, LLC	Paul Walker, James Walker	11454 South District Drive	South Jordan	UT	84095	8014955990
Dow Sherwood Corporation	James Walker, Paul Walker	313 Independence Blvd	Virginia Beach	VA	23462	7574995557
Quintana Investments, Inc.	Anthony Quintana, Deborah Quintana	31711 Pacific Hwy S	Federal Way	WA	98003	
ARCHCO of Cheyenne LLC	Brian Bau, Linda Bau, Dana Deuel	411 E 16th St	Cheyenne	WY	82001	
Lindsey Miller and Edward Ryan Arthur	Lindsey Miller, Edward 'Ryan' Arthur	1840 E Richards St	Douglas	WY	82633	3073585600

Former Franchisees

The following is a list of franchisees who had a Village Inn Restaurant terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the 2025 fiscal year, or who have not communicated with us within 10 weeks of this disclosure document's issuance date:

Company Name	Owner Names	City	State	Phone
WALKER-DSC/CAPQ, LLC	James Walker, Paul Walker	Tampa	FL	813-488-5036
WALKER-DSC/CAPQ, LLC	Paul Walker	Tampa	FL	813-488-5036
WALKER-DSC/CAPQ, LLC	Paul Walker	Tampa	FL	813-488-5036
WALKER-DSC/CAPQ, LLC	Paul Walker	Tampa	FL	813-488-5036
TBD	Lloyd 'Danny' Lehan	Saint Petersburg	FL	(727) 385-8917

The following is a list of franchisees who had a Village Inn Restaurant transfer under the Franchise Agreement during the 2025 fiscal year:

Company Name	Owner Names	City	State	Email
Wanigan Corporation	John Oberstar,Johnny Snidarich,Lyle Johansen	Eveleth,Stacey,Virginia	MN	2189941070,2189941724,6512496808
Wyoming Restaurants Incorporated	John Oberstar,Johnny Snidarich,Lyle Johansen	Eveleth,Stacey,Virginia	MN	2189941070,2189941724,6512496808
VI Riverview LLC	Lloyd 'Danny' Lehan	Saint Petersburg	FL	(727) 385-8917

Exhibit D-1
Financial Statements

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2025 and 2024

Independent auditor's report	1-2
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Consolidated statements of changes in stockholder's equity	4
Consolidated balance sheets	5-6
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Report of Independent Auditors

To the Management and the Board of Directors of MTY Franchising USA, Inc.

Opinion

We have audited the accompanying consolidated financial statements of MTY Franchising USA, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of November 30, 2025 and 2024, and the related consolidated statements of operations and comprehensive (loss) income, of changes in stockholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T.: +1 514 205 5000, F.: +1 514 876 1502, Fax to mail: ca_montreal_main_fax@pwc.com

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

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.

PricewaterhouseCoopers LLP¹

Montréal, Canada
February 5, 2026

¹ CPA auditor, public accountancy permit No. A125677

MTY Franchising USA, Inc.**Consolidated statements of operations and comprehensive income (loss)**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

	Notes	2025 \$	2024 \$
Revenue	16	604,239	597,538
Costs and expenses			
Operating expenses	17	481,496	490,300
Depreciation – property, plant and equipment	6	12,469	13,469
Amortization – intangible assets	7	17,523	15,765
Impairment charge – property, plant and equipment	6 & 9	3,813	6,150
Impairment charge – operating lease right-of-use assets	5	130	849
Impairment charge – intangible assets and goodwill	7, 8 & 9	1,261	37,452
Interest expense	19	54,884	53,768
Management fees charged by parent company	22	2,319	2,101
		573,895	619,854
Other income (expenses)			
Interest income		8,122	12,145
Loss on disposal of property, plant and equipment and intangible assets		(699)	(376)
Restructuring	18	—	(1,342)
Gain on extinguishment of debt		—	97
Loss on de-recognition/lease modification of operating lease liabilities	5	(387)	(41)
		7,036	10,483
Income (loss) before income taxes		37,380	(11,833)
Income tax expense (recovery)	20		
Current		11,724	9,918
Deferred		(5,021)	(9,195)
		6,703	723
Net income (loss) and comprehensive income (loss)		30,677	(12,556)

MTY Franchising USA, Inc.**Consolidated statements of changes in stockholder's equity**

Years ended November 30, 2025 and 2024

(In thousands of US dollars, except number of common stock issued)

	Common stock issued	Common stock value	Retained earnings	Total stockholder's equity
		\$	\$	\$
Balance as at November 30, 2023	15	179,154	73,782	252,936
Net loss and comprehensive loss	—	—	(12,556)	(12,556)
Balance as at November 30, 2024	15	179,154	61,226	240,380
Net income and comprehensive income	—	—	30,677	30,677
Balance as at November 30, 2025	15	179,154	91,903	271,057

MTY Franchising USA, Inc.
Consolidated balance sheets

As at November 30, 2025 and 2024
(In thousands of US dollars)

	Notes	2025 \$	2024 \$
Assets			
Current assets			
Cash		21,840	12,834
Restricted cash	2	104	250
Accounts receivable	3	28,436	28,755
Inventories		5,244	7,182
Assets held for sale	4, 6 & 7	830	3,116
Current portion of loans receivable		189	384
Receivables from ultimate parent and parent company	12 & 22	233,800	204,389
Prepaid expenses and deposits		7,790	8,039
Other current assets		4,704	4,834
Income taxes receivable	20	6,356	4,402
		309,293	274,185
Non-current assets			
Loans receivable		34	66
Contract cost asset		4,643	4,277
Other assets		2,565	2,106
Property, plant and equipment	6	42,751	53,675
Operating lease right-of-use assets	5	181,327	190,303
Intangible assets	7	559,967	577,327
Goodwill	8	346,490	346,490
		1,447,070	1,448,429
Liabilities			
Current liabilities			
Accounts payable		6,939	14,808
Accrued liabilities		30,080	26,837
Gift card liability	10	93,010	109,252
Promotional funds payable		8,152	10,523
Current portion of operating lease liabilities	5	36,983	38,340
Current portion of deferred revenue and deposits	11	7,037	8,093
Advances from parent company	12 & 22	2,540	4,417
Short-term loan from parent	13	13,793	—
		198,534	212,270

MTY Franchising USA, Inc.
Consolidated balance sheets (continued)

As at November 30, 2025

(In thousands of US dollars)

		2025	2024
	Notes	\$	\$
Liabilities (continued)			
Non-current liabilities			
Long-term loan from parent and ultimate parent	13	701,795	708,363
Liabilities held for sale	4, 6 & 7	441	2,116
Operating lease liabilities	5	149,724	156,073
Deferred revenue and deposits	11	29,483	28,170
Deferred income taxes	20	96,036	101,057
		1,176,013	1,208,049
Stockholder's equity			
Common stock; 15 (2024 - 15) shares issued and authorized at \$11,943.6 (2024 - \$11,943.6) per share		179,154	179,154
Retained earnings		91,903	61,226
		271,057	240,380
		1,447,070	1,448,429

Approved by the Board on February 5, 2026

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows

Years ended November 30, 2025 and 2024
(In thousands of US dollars)

		2025	2024
	Notes	\$	\$
Operating activities			
Net income (loss) and comprehensive income (loss)		30,677	(12,556)
Items not affecting cash:			
Depreciation – property, plant and equipment	6	12,469	13,469
Amortization – intangible assets	7	17,523	15,765
Interest expense	19	54,884	53,768
Loss on disposal of property, plant and equipment and intangible assets		699	376
Impairment charge – property, plant and equipment	6 & 9	3,813	6,150
Impairment charge – operating lease right-of-use assets	5	130	849
Impairment charge – intangible assets and goodwill	7 & 9	1,261	37,452
Loss on de-recognition/lease modification of operating lease liabilities	5	387	41
Deferred income tax recovery		(5,021)	(9,195)
		116,822	106,119
Interest paid		(51,376)	(53,768)
Changes in non-cash working capital items			
Accounts receivable		319	558
Inventories		2,032	(925)
Prepaid expenses and deposits		(89)	(278)
Loans receivable		227	(27)
Other current assets		130	(1,502)
Income taxes		(2,775)	(303)
Accounts payable		(8,753)	(1,070)
Accrued liabilities		3,128	(1,817)
Promotional funds payable		(2,371)	(4,166)
Gift card liability		(16,286)	4,546
Deferred revenue and deposits		257	3,735
Other		3,752	713
Net cash provided from operating activities		45,017	51,815

MTY Franchising USA, Inc.**Consolidated statements of cash flows (continued)**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

	Notes	2025 \$	2024 \$
Investing activities			
Additions to property, plant and equipment	6	(7,050)	(10,963)
Additions to intangible assets	7	(27)	(318)
Proceeds on disposal of intangible assets	6	—	230
Proceeds on disposal of property, plant and equipment		1,322	692
Proceeds on disposal of assets held for sale		—	1,614
Net cash used in investing activities		(5,755)	(8,745)
Financing activities			
Receivables from ultimate parent and parent company	12	(29,411)	(53,246)
Advances from parent company	12 & 22	(991)	—
(Repayment) issuance of loans payable to companies under common control		—	2,638
Repayment of holdback payable		—	(787)
Net cash used in financing activities		(30,402)	(51,395)
Net increase (decrease) in cash and restricted cash		8,860	(8,325)
Cash and restricted cash, beginning of year		13,084	21,409
Cash and restricted cash, end of year		21,944	13,084

Supplemental cash flow information

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The accompanying notes are an integral part of the consolidated financial statements.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements
Years ended November 30, 2025 and 2024
(In thousands of US dollars)

1. Nature of operations

MTY Franchising USA, Inc. (the "Company" or "MTY USA") was incorporated on March 14, 2001. The Company operates, develops and franchises restaurants under a multitude of different banners in the United States of America (the "US").

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the US ("US GAAP"). The Company uses the US dollar as its functional and reporting currency, and tabular amounts are rounded to the nearest thousand (\$000) except when otherwise indicated. MTY USA is a wholly owned subsidiary of MTY Franchising Inc. which is a subsidiary of the ultimate parent MTY Food Group Inc.

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Presented below are those policies considered particularly significant:

Basis of consolidation

The consolidated financial statements reflect the financial position and operating results of the Company, including wholly owned subsidiaries and investees that it controls.

The principal subsidiaries of the Company are as follows:

Principal subsidiaries	Percentage of equity interest
	%
BF Acquisition Holdings, LLC	100
BQ Concepts, LLC	100
Famous Dave's of America Inc.	100
Kahala Franchising, LLC	100
La Salsa Franchise, LLC	100
Papa Murphy's International, LLC	100
VI Brandco, LLC	100
Wetzel's Pretzels, LLC	100

Revenues and expenses of subsidiaries are included in the consolidated statement of operations and comprehensive income (loss) from the effective date of acquisition. The subsidiaries are consolidated from the acquisition date until the date on which the Company ceases to control them.

All intercompany transactions, balances, revenues and expenses are eliminated in full upon consolidation.

Functional currency

The functional currency of the Company and its subsidiaries is the US dollar. The Company translates monetary assets and liabilities that are denominated in currencies other than the US dollar at the exchange rates prevailing at the end of the reporting period; non-monetary assets denominated in foreign currencies are translated using the exchange rate prevailing at the transaction date; all revenue and expense items denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date. All foreign exchange gains and losses are reported in the statement of operations.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

2. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized upon the transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive for those goods or services:

Revenue from franchise locations

- i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.
- ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.
- iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.
- iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.
- v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.
- vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.
- vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.
- viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed.
- ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.
- x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS supports fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

2. Significant accounting policies (continued)*Contract cost asset*

The Company recognizes incremental costs of obtaining a contract as an asset if they are expected to be recoverable, unless their amortization period would be less than one year, in which case they are expensed as incurred. The costs are amortized to operating expenses over the term of the related franchise agreement.

Leasing

In accordance with ASC 842, the Company determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use asset and a lease liability at the lease commencement date. Leases with an initial term of 12 months or less but greater than one month are not recorded on the balance sheet for select asset classes.

The lease liability is measured at the present value of future lease payments as of the lease commencement date. The right-of-use asset recognized is based on the lease liability adjusted for prepaid and deferred rent and unamortized lease incentives. An operating lease right-of-use asset is amortized on a straight-line basis over the lease term and is recognized as a single lease cost against the operating lease liability. A finance lease right-of-use asset is amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in Operating expenses. Variable lease payments are expensed as incurred. The Company uses its incremental borrowing rates as the discount rate for its leases, which is equal to the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease terms for all the Company's leases include the contractually obligated period of the leases, plus any additional periods covered by Company options to extend the leases that the Company is reasonably certain to exercise. Certain leases provide that the lease payments may be increased annually based on the fixed rate terms or adjustable terms such as the Consumer Price Index. Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in the lease liability.

Lease expense is comprised of operating and finance lease costs, short-term lease costs, and variable lease costs, which primarily include common area maintenance, real estate taxes, and insurance for the Company's real estate leases.

The Company enters into leases for franchised and corporately-owned locations, offices, and equipment in the normal course of business.

The Company as lessee

The Company recognizes operating lease liabilities with corresponding operating lease right-of-use assets, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. The Company's leases are all classified as operating leases. The amortization of the operating lease right-of-use asset and interest expense related to the operating lease liability are recorded together as the lease expense to produce a straight-line recognition effect in the consolidated statement of operations. Under ASC 842, operating lease right-of-use assets are tested for impairment in accordance with ASC 360, Property, Plant and Equipment.

The Company as lessor

When the Company enters into a sublease arrangement as an intermediate lessor, the Company accounts for the head lease and the sublease as two separate contracts. All the subleases of the Company are classified as operating subleases by reference to the operating lease right-of-use asset arising from the underlying asset. For operating subleases, the Company recognizes an operating right-of-use asset relating to the head lease and recognizes a deferred rent asset or liability in the sublease. As the intermediate lessor, the Company retains the operating lease liability on the head lease in its consolidated balance sheet. During the term of the sublease, the Company recognizes both lease income on the sublease and lease expense on the head lease.

2. Significant accounting policies (continued)*Income taxes*

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Expected Credit loss

The Company currently uses an expected credit loss ("ECL") model for its trade receivables, which permits the uses of the lifetime expected loss provision for all trade receivables and also incorporates forward-looking information. Lifetime ECL represents the ECL that will result from all probable default events over the expected life of a financial instrument.

Assets held for sale

Assets are classified as held for sale when management with the appropriate authority commits to a plan to sell the assets, the assets are available for immediate sale, the assets are actively marketed at a reasonable price, the sale is probable within a year, and certain other criteria met. Assets held for sale primarily include Company-owned stores and, in some instances, associated trademarks and right-of-use assets, when the Company has committed to their sale as part of an approved plan. Assets designated as held for sale are held at the lower of the net book value or fair value less costs to sell. Depreciation is not charged against property, plant and equipment or right-of-use assets classified as assets held for sale.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their historical costs less accumulated depreciation (buildings) and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use.

Equipment, leasehold improvements, rolling stock and computer hardware are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of operations.

Depreciation is based on the following terms:

Buildings	Straight-line	25 to 50 years
Equipment	Straight-line	Three to 10 years
Leasehold improvements	Straight-line	Term of the lease
Rolling stock	Straight-line	Five to seven years
Computer hardware	Straight-line	Three to seven years

2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if applicable.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, if applicable, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost reduced by previous impairment losses, if applicable.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statement of operations when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights

The franchise rights acquired through business combinations are recognized at the fair value of the estimated future cash inflows related to the acquisition of franchises. The franchise rights are generally amortized on a straight-line basis over the term of the agreements which typically range between 10 to 20 years.

Trademarks

Trademarks acquired through business combinations are recognized at their fair value at the time of the acquisition and are not amortized. Trademarks are determined to have an indefinite useful life based on their brand recognition and their ability to generate revenue through changing economic conditions with no foreseeable time limit.

Other

Included in other intangible assets are purchased software and liquor licences, which are being amortized over their expected useful life on a straight-line basis.

Impairment of long-lived assets other than goodwill

The Company continually reviews whether events or circumstances subsequent to the acquisition of any long-lived assets, including intangible assets with finite and infinite useful lives, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows on an undiscounted basis related to the assets exceed the recorded carrying amount of those assets to determine if an asset is impaired. Should an impairment be identified, a loss would be recorded to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar cash flow projections on a discounted basis. The indefinite intangible assets are tested at the individual brand level, which is comprised of franchise rights, trademarks and perpetual licenses.

2. Significant accounting policies (continued)

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group.

As at November 30, 2025 and 2024, goodwill is allocated as follows:

	Goodwill unit description
US Goodwill Unit A	A group of reporting units comprised of all the brands, excluding Papa Murphy's and the brands acquired with BBQ Holdings, Inc. ("BBQ Holdings")
US Goodwill Unit B	A group of reporting units comprised of the BBQ Holdings brands and the Papa Murphy's brand

Goodwill is tested for impairment on an annual basis (September 1 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value¹ is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash includes cash on hand, and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2025, cash and restricted cash included \$104 of restricted cash (2024 – \$250) that is required as part of guarantees on certain lease commitments.

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis and include acquisition costs and other costs incurred to bring inventories to their present location and condition.

Market value represents the current replacement cost, provided that the cost does not exceed the net realizable value or is not less than the net realizable value reduced by a normal profit margin.

Contingencies

Litigation, disputes and closed stores

Provisions for the expected cost of litigation, disputes and the cost of settling leases for closed stores, with the exception of operating lease liabilities already recorded pursuant to ASC 842, are recognized when it becomes probable the Company will be required to settle the obligation, at management's best estimate of the expenditure required to settle the Company's obligation.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized, and the amount initially recognized.

2. Significant accounting policies (continued)

Financial instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, loans receivable, receivable from parent and ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company and long-term loan from parent and ultimate parent. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values for cash, restricted cash, accounts receivable, loans receivable, receivable from parent, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company approximate their carrying values due to their immediate or short-term maturities, unless otherwise noted. The long-term loan from parent and ultimate parent are measured at fair value.

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional funds. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The promotional funds collected, and the related expenditures are reported on a gross basis in the consolidated statements of operations and comprehensive income. To the extent that promotional funds received exceed the related promotional expenditures, the excess contributions will be recorded in accounts payable or accrued liabilities.

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2025, promotional funds were in a net liability position amounting to \$3,018 (2024 – net liability position of \$7,694).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was February 5, 2026.

Estimates and assumptions

Goodwill and indefinite-lived intangible assets

The fair value calculation includes estimates of revenue growth, which are based on past performance and internal projections for the intangible asset group's forecasted growth, which are adjusted for our particular facts and circumstances. The discount rate is selected based on the estimated cost of capital that reflects the risk profile of the related business. These estimates are highly subjective, the ability to achieve the forecasted cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies.

Gift card liabilities

Management is required to make certain assumptions in both the prorated recognition based on redemption pattern and remoteness recognition of gift card breakage. The significant estimate is the breakage rate based on redemption patterns.

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

3. Accounts receivable

Details of accounts receivable are as follows:

	2025	2024
	\$	\$
Total accounts receivable	30,269	30,676
Less: Allowance for credit losses	(1,833)	(1,921)
Total accounts receivable, net	28,436	28,755
Of which:		
Not past due	22,953	23,612
Past due for more than one day but no more than 30 days	957	1,736
Past due for more than 31 days but no more than 60 days	985	695
Past due for more than 61 days	3,541	2,712
Total accounts receivable, net	28,436	28,755
	2025	2024
	\$	\$
Allowance for credit losses, beginning of year	(1,921)	(2,277)
Recovery	64	322
Reversal of amounts previously written off	—	(33)
Write-offs	24	67
Allowance for credit losses, end of year	(1,833)	(1,921)

4. Assets and liabilities held for sale

Assets and liabilities held for sale as at November 30, 2025 and 2024 are stated at fair value less costs to sell. During the reporting period, the Company designated certain assets and liabilities related to a casual dining brand as held for sale. This decision reflects management's formal commitment to a plan to divest these assets, which include both Company-owned stores and associated intangible assets.

The assets reclassified as held for sale primarily consist of inventories, prepaid expenses, deposits, right-of-use assets (Note 5), property plant, and equipment (Note 6) and intangible assets (Note 7). The liabilities included in the carrying value are the gift card payable and the lease liability (Note 5). This reclassification on November 30, 2025 led to an impairment charge of nil (2024 - \$849) to right-of-use-asset, nil (2024 - \$505) to property, plant and equipment and nil (2024 - \$1,088) to trademarks in Reporting Unit A. The total carrying amount reclassified as held for sale is comprised of assets of \$830 (2024 - \$3,116) and liabilities of \$441 (2024 - \$2,116) resulting in a net amount of \$389 (2024 - \$1,000).

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

5. Leases**Operating lease right-of-use assets**

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2025 and 2024:

	Offices and stores	Other	Total
	\$	\$	\$
Balance as at November 30, 2023	186,764	310	187,074
Additions	12,844	90	12,934
Assets held for sale (Note 4)	(953)	—	(953)
Depreciation expense	(39,781)	(139)	(39,920)
Impairment charge	(849)	—	(849)
De-recognition/lease modifications	32,047	(30)	32,017
Balance as at November 30, 2024	190,072	231	190,303
Additions	8,776	—	8,776
Assets held for sale (Note 4)	626	—	626
Depreciation expense	(41,135)	(112)	(41,247)
Impairment charge	(130)	—	(130)
De-recognition/lease modifications	22,985	14	22,999
Balance as at November 30, 2025	181,194	133	181,327

The Company recorded sublease income from its operating lease right-of-use assets amounting to \$24,743 (2024 – \$23,431).

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

5. Leases (continued)**Operating lease liabilities**

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2025 and 2024:

	2025	2024
	\$	\$
Operating lease liabilities, beginning of year	194,413	190,493
Additions	8,776	12,934
Transfer from (to) assets held for sale (Note 4)	1,516	(1,848)
Lease renewals and modifications	26,631	35,264
Lease terminations	(3,503)	(3,316)
Other adjustments	(497)	(329)
Interest expense	11,004	10,731
Payments	(51,633)	(49,516)
Operating lease liabilities, end of year	186,707	194,413

Recorded in the consolidated balance sheets as follows:

	2025	2024
	\$	\$
Current portion	36,983	38,340
Long-term portion	149,724	156,073
	186,707	194,413

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2025:

	Leases	Expected sublease income
	\$	\$
2026	48,059	23,063
2027	41,654	19,093
2028	35,124	15,314
2029	28,220	11,083
2030	20,706	7,498
Thereafter	49,981	13,704
Total undiscounted lease payments	223,744	89,755
Less: Unearned finance income	(37,037)	—
Total present value of lease liabilities and expected sublease income	186,707	89,755

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

6. Property, plant and equipment

Cost	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	28,811	38,544	16	4,777	3,220	3,245	78,613
Additions	5,100	4,427	—	1,369	—	67	10,963
Disposals	(1,088)	(221)	—	(90)	—	—	(1,399)
Impairment (Note 9)	(2,239)	(3,662)	—	(249)	—	—	(6,150)
Transfer to assets held for sale	(469)	(323)	—	(22)	—	—	(814)
Balance as at November 30, 2024	30,115	38,765	16	5,785	3,220	3,312	81,213
Additions	3,782	2,408	—	320	—	540	7,050
Disposals	(1,796)	(1,256)	(16)	(1,180)	—	—	(4,248)
Impairment (Note 9)	(901)	(2,912)	—	—	—	—	(3,813)
Transfer to/from assets held for sale (Note 4)	66	(70)	—	7	—	—	3
Balance as at November 30, 2025	31,266	36,935	—	4,932	3,220	3,852	80,205
Accumulated depreciation	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	4,615	8,828	—	1,429	—	142	15,014
Transfer to assets held for sale (Note 4)	(141)	(98)	—	(7)	—	—	(246)
Depreciation	4,658	8,087	3	531	—	190	13,469
Disposals	(516)	(115)	—	(68)	—	—	(699)
Balance as at November 30, 2024	8,616	16,702	3	1,885	—	332	27,538
Depreciation	4,527	6,548	—	1,259	—	135	12,469
Disposals	(1,870)	(260)	(3)	(279)	—	—	(2,412)
Transfer to/from assets held for sale (Note 4)	(88)	(56)	—	3	—	—	(141)
Balance as at November 30, 2025	11,185	22,934	—	2,868	—	467	37,454
Carrying amounts	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2024	21,499	22,063	13	3,900	3,220	2,980	53,675
November 30, 2025	20,081	14,001	—	2,064	3,220	3,385	42,751

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

7. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2023	214,925	482,196	5,912	703,033
Additions	275	—	43	318
Transfer to assets held for sale (Note 4)	—	(1,222)	(175)	(1,397)
Disposals	—	—	(230)	(230)
Impairment (Note 9)	(1,390)	(6,191)	(186)	(7,767)
Balance as at November 30, 2024	213,810	474,783	5,364	693,957
Additions	—	—	27	27
Impairment (Note 9)	(344)	(1,027)	110	(1,261)
Transfer from assets held for sale (Note 4)	—	1,222	175	1,397
Balance as at November 30, 2025	213,466	474,978	5,676	694,120
Accumulated amortization	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2023	99,027	—	1,838	100,865
Amortization	15,124	—	641	15,765
Balance as at November 30, 2024	114,151	—	2,479	116,630
Amortization	16,818	—	705	17,523
Balance as at November 30, 2025	130,969	—	3,184	134,153
Carrying amounts	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
November 30, 2024	99,659	474,783	2,885	577,327
November 30, 2025	82,497	474,978	2,492	559,967

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

8. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2025	2024
	\$	\$
Goodwill, beginning and end of year	424,828	424,828
Accumulated impairment, beginning of year	(78,338)	(48,653)
Impairment (Note 9)	—	(29,685)
Accumulated impairment, end of year	(78,338)	(78,338)
Carrying amount	346,490	346,490

9. Impairment – property, plant and equipment, intangible assets and goodwill

The Company performs quarterly impairment indicator analysis followed by its annual impairment test which is executed as at September 1, 2025. These assessments resulted in the recognition of \$1,261 of impairment losses on its intangible assets for one brand (2024 - \$6,679 for five brands). The Company did not have any impairment recognized as a result of the reclass to assets held for sale (2024 - \$1,088 for one brand) (Note 4).

As of September 1, 2024, the Company reassessed the reporting unit based on a strategic realignment and merger of business units in the US. The goodwill impairment for the reporting unit comprised of Papa Murphy's brand was subject to an impairment test prior to the strategic realignment and this resulted in an impairment of goodwill of \$29,685. There was no impact on the consolidated statements of operations and comprehensive income (loss) for the year ended November 30, 2025.

Additionally, the Company recorded \$3,813 of impairment losses on its property, plant and equipment (2024 – \$6,150), for a total of \$5,074 (2024 – \$43,602) of impairment charges on its property, plant and equipment, intangible assets and goodwill for the year ended November 30, 2025, which have been recognized in the consolidated statement of operations.

Impairment charges were based on the amount by which the carrying values of the assets exceeded the fair value, determined using expected discounted projected operating cash flows for trademarks and franchise rights.

Impairment by reporting unit for the year ended November 30, 2025:

	Intangible assets					
	Property, plant and equipment	Franchise rights	Trademarks	Other	Goodwill	Total
	\$	\$	\$	\$	\$	\$
Reporting Unit A	176	—	—	—	—	176
Reporting Unit B	3,637	344	1,027	(110)	—	4,898
	3,813	344	1,027	(110)	—	5,074

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

9. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2024:

	Property, plant and equipment	Intangible assets				Total
		Franchise rights	Trademarks	Other	Goodwill	
	\$	\$	\$			\$
Reporting Unit A	1,886	205	2,069		—	4,160
Reporting Unit B	4,264	1,185	4,122	186	29,685	39,442
	6,150	1,390	6,191	186	29,685	43,602

The key assumptions used are those related to projected operating cash flows, as well as the discount rates. The sales forecasts for cash flows were based on the subsequent fiscal year's budgeted operating results, which were prepared by management and approved by the Board, and internal forecasts for subsequent years, which were prepared by management and developed from the budgeted operating results.

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at September 1, 2025 and 2024:

	2025		2024	
	Reporting Unit A	Reporting Unit B	Reporting Unit A	Reporting Unit B
(\$, except percentage data)				
Discount rates after tax	9.5%	9.5%	10.0%	10.0%
Discount rates pre-tax	10.3%	11.5%	12.7%	13.0%
Recoverable amounts	873,628	531,589	875,925	604,533

Long-term growth rates ranging from 0% to 2% (2024 – 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of one brand (2024 – four brands) representing 0.4% (2024 – 0.5%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in additional impairment charges on goodwill for the years ended November 30, 2025 and 2024. For Reporting Unit A, an increase of 443 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 0% to 2% (2024 – 2%) were used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges on intangible assets of one brand (2024 – one brand) representing 0.9% (2024 – 0.1%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges of \$25,520 on goodwill (2024 - nil). For Reporting Unit B, an increase of 54 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

10. Gift card liability

The changes in the carrying amount of the gift card liability are as follows:

	2025	2024
	\$	\$
		Adjusted ⁽¹⁾
Gift card liability, beginning of year	109,252	104,858
Activations	57,920	56,723
Redemptions	(46,467)	(46,020)
Deferred program fees and other	(719)	(320)
Gift card breakage recorded	(26,976)	(5,989)
Gift card liability, end of year	93,010	109,252

⁽¹⁾ Prior year amounts have been adjusted to reflect a reclassification decreasing activations and redemptions for \$20,967.

During the year, the Company revised the estimates for its gift card breakage based on changed redemption patterns. This change in estimate resulted in an increase of gift card breakage of \$21,151.

11. Deferred revenue and deposits

	2025	2024
	\$	\$
Franchise fee deposits	34,149	33,594
Unearned rent	1,842	1,737
Supplier contributions and other allowances	529	932
	36,520	36,263
Current portion	(7,037)	(8,093)
	29,483	28,170

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

\$7,824 (2024 – \$8,570) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2025:

Estimate for fiscal year:	\$
2026	7,037
2027	4,386
2028	3,508
2029	3,098
2030	2,487
Thereafter	16,004
	36,520

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

12. Receivables and advances from ultimate parent and parent company

The receivables from ultimate parent and parent are primarily comprised of a renewable one-year term loan facility of \$212,834 (2024 – \$194,988) and other receivables of \$20,966 (2024 – \$9,401). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. Interest revenue of \$8,091 was recognized in Consolidated statements of operations and comprehensive income (loss) in the other revenue (2024 - \$12,119). The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advances due to the parent company are payable on demand with no specified collection terms.

13. Long-term loan from parent and ultimate parent

	2025	2024
	\$	\$
Interest-bearing loan at 5.5% from parent, repayable by November 27, 2026 ⁽¹⁾	13,793	12,700
Interest-bearing loan at 9.36% from parent, repayable by December 8, 2031 ⁽¹⁾	26,108	20,000
Interest-bearing loan at 9.26% from ultimate parent, repayable by December 8, 2029 ⁽¹⁾	385,837	385,813
Interest-bearing loan at 5.4% from ultimate parent, repayable by November 27, 2031 ⁽¹⁾	289,850	289,850
	715,588	708,363
Less: Current portion	(13,793)	—
	701,795	708,363

⁽¹⁾ These loans have been made to parent and ultimate parent and may be repaid, in whole or in part, at any time, without premium or penalty. Comparative figures have been adjusted for loans from parent and ultimate parent.

14. Contingencies

The contingencies for litigation and disputes represent management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the consolidated balance sheet. These contingencies consist of multiple items, a large part of which are insurance claims, including worker's compensation claims, at the Company's corporately owned locations. The timing of the settlement of these contingencies is unknown given their nature, as the Company does not control the litigation timelines.

	2025	2024
	\$	\$
Provision for litigations, disputes and other contingencies, beginning of year	2,693	2,849
Reversals	(226)	(790)
Amounts used	(10,546)	(9,424)
Additions	10,661	10,058
Provision for litigations, disputes and other contingencies, end of year	2,582	2,693

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

15. Financial instruments

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

Fair value of recognized financial instruments

The Company has determined that the fair value of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash, accounts receivable, receivables from ultimate parent, deposits, loans receivable, accounts payable, accrued liabilities, promotional funds payable.

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2025 and 2024.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, loans receivable and deposits. For accounts receivable and loans receivable, the amounts disclosed on the consolidated balance sheets are net of expected credit losses, estimated by the Company's management based on past experience and counterparty specific circumstances. The Company believes that the credit risk of accounts receivable is limited due to the Company's broad client base is spread mostly across the US, which limits the concentration of credit risk.

The credit risk on cash is limited because the Company invests its excess liquidity in high-quality financial instruments and with credit-worthy counterparties.

The credit risk on deposits is also limited as these are mostly with well-established and credit-worthy companies.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company has limited exposure to interest rate risk as its long-term loans from parent and ultimate parent have fixed interest rates.

16. Revenue

	For the year ended					
	November 30, 2025			November 30, 2024		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Corporate store revenues	—	314,875	314,875	—	330,599	330,599
Royalties	124,221	—	124,221	128,335	—	128,335
Franchise fees, transfer fees and master license fees	5,894	—	5,894	5,770	—	5,770
Promotional funds	55,241	—	55,241	56,563	—	56,563
Program allowances	29,352	—	29,352	30,373	—	30,373
Breakage income	26,976	—	26,976	5,989	—	5,989
Resale material and retail sales	4,822	—	4,822	4,781	—	4,781
Rent	26,521	—	26,521	25,199	—	25,199
Other	16,337	—	16,337	9,929	—	9,929
	289,364	314,875	604,239	266,939	330,599	597,538

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

17. Operating expenses

	For the year ended					
	November 30, 2025			November 30, 2024		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Cost of goods sold	1,905	89,044	90,949	2,342	89,624	91,966
Wages and benefits	52,932	117,584	170,516	52,855	118,514	171,369
Advertising, marketing and promotion	906	6,400	7,306	443	6,000	6,443
Rent	28,990	36,910	65,900	27,748	37,925	65,673
Professional and consulting fees and commission	12,161	671	12,832	11,544	2,037	13,581
Office, travel, meals and entertainment and utilities	10,420	37,402	47,822	13,482	37,998	51,480
Promotional funds	55,241	—	55,241	56,563	—	56,563
Gift card program costs	6,269	—	6,269	6,499	—	6,499
Bad debt expense (recovery)	414	93	507	(293)	147	(146)
Other ⁽¹⁾	1,332	22,822	24,154	954	25,918	26,872
	170,570	310,926	481,496	172,137	318,163	490,300

(1) Other operating expenses are comprised mainly of supplies, repairs and maintenance and administration expenses.

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees and rent.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

18. Restructuring

During the year ended on November 30, 2024, the Company initiated a restructuring plan as part of a strategic realignment to streamline operations and improve efficiency. During the year ended November 30, 2025, the Company recognized restructuring costs of nil (2024 - \$1,342) primarily related to employee severance costs of nil (2024 - \$832) with the reminder being in relation to the discontinuation of one of its brands. No additional expenses were incurred in the current year.

19. Interest expense

	2025	2024
	\$	\$
Interest charged by parent and ultimate parent	54,884	53,768
Interest expense	54,884	53,768

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

20. Income taxes

The Company accounts for income taxes in accordance with ASC 740. ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740, income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the consolidated financial statements than for tax purposes.

As at November 30, 2025, Canada has enacted the global minimum top-up income tax under Pillar Two tax legislation into domestic tax legislation. The top-up income tax relates to the Company's operations in the Canada with no impact on the Company. The Corporation has applied the exception to not recognize deferred tax assets and liabilities related to Pillar Two income taxes.

	2025	2024
	\$	\$
Income tax expense (recovery)		
Current tax expense	11,724	9,918
Deferred tax recovery	(5,021)	(9,195)
Total tax expense	6,703	723

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2024 – 21%) to the income for the period as follows:

	2025	2024
	\$	\$
Income (loss) before income taxes	37,380	(11,833)
Income tax expense (recovery) at federal statutory rate	7,850	(2,478)
State and local income taxes net of federal tax benefit	2,736	881
State and local income taxes - deferred	(1,391)	—
Non-deductible/non-taxable items	(1,941)	5,484
True-up of prior year tax provision	129	(3,950)
Rate variation on deferred income tax	(484)	724
Other	(196)	62
Income tax expense	6,703	723

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2025 and 2024

(In thousands of US dollars)

21. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2025	2024
	\$	\$
Inventories	(242)	(275)
Allowance for credit losses	239	192
Deferred revenue and deposits	5,697	4,676
Accrued and gift card liabilities	43,791	44,117
Non-capital losses and other tax credits	346	1,917
Other	(775)	(1,941)
Operating lease liabilities	(525)	48,125
Total deferred tax assets	48,531	96,811
Deferred costs	(517)	(600)
Property, plant and equipment	(8,360)	(9,632)
Operating lease right-of-use assets	74	(47,277)
Intangible assets	(135,357)	(140,054)
Holdback payable	(407)	(305)
Total deferred tax liabilities	(144,567)	(197,868)
Net deferred tax liability	(96,036)	(101,057)

21. Supplemental cash flow information

During the year ended November 30, 2025, the Company paid \$13,535 (2024 – \$10,348) in income taxes. Furthermore, there are non-cash items included in the proceeds on disposition of property, plant and equipment amounting to a net liability of \$186 (2024 – net liability of \$113). The non-cash items were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations.

22. Related party transactions

The Company has transactions in the normal course of business with its parent company, ultimate parent and companies under common control. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Consolidated financial statements of MTY Franchising USA, Inc.

For the years ended November 30, 2024 and 2023

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Report of Independent Auditors

To the Management and Stockholder of MTY Franchising USA, Inc.

Opinion

We have audited the accompanying consolidated financial statements of MTY Franchising USA, Inc. and its subsidiaries (the Company), which comprise the consolidated statements of operations and comprehensive (loss) income for the years ended November 30, 2024 and 2023, the consolidated statements of changes in stockholder's equity for the years ended November 30, 2024 and 2023, the consolidated balance sheets as of November 30, 2024 and 2023, and the consolidated statements of cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

PricewaterhouseCoopers LLP
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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

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.

PricewaterhouseCoopers LLP¹

**Montréal, Canada
January 31, 2025**

¹ CPA auditor, public accountancy permit No. A125677

MTY Franchising USA, Inc.**Consolidated statements of operations and comprehensive (loss) income**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

	Notes	2024	2023
		\$	\$
			Adjusted ⁽¹⁾
Revenue	19	597,538	606,617
Costs and expenses			
Operating expenses	20	490,300	498,484
Depreciation – property, plant and equipment	7	13,469	11,358
Amortization – intangible assets	8	15,765	19,213
Impairment charge – property, plant and equipment	7 & 10	6,150	169
Impairment charge – operating lease right-of-use assets	6	849	—
Impairment charge – intangible assets and goodwill	8, 9 & 10	37,452	4,063
Interest expense	22	53,768	53,977
Management fees charged by parent company	25	2,101	2,249
		619,854	589,513
Other income (expenses)			
Interest income		12,145	2,255
Loss on disposal of property, plant and equipment and intangible assets		(376)	(1,843)
Restructuring	21	(1,342)	—
Gain on extinguishment of debt		97	—
Gain on contingent consideration from a business acquisition	3	—	1,600
Loss on de-recognition/lease modification of operating lease liabilities	6	(41)	(736)
		10,483	1,276
(Loss) income before income taxes		(11,833)	18,380
Income tax expense (recovery)	23		
Current		9,918	7,807
Deferred		(9,195)	(6,405)
		723	1,402
Net (loss) income and comprehensive (loss) income		(12,556)	16,978

- (1) Certain comparative figures have been reclassified to conform with current year presentation. Lease income in comparative period of \$26.3 million was reclassified from operating expense to revenue.

MTY Franchising USA, Inc.**Consolidated statements of changes in stockholder's equity**

Years ended November 30, 2024 and 2023

(In thousands of US dollars, except number of common stock issued)

	Common stock issued	Common stock value	Retained earnings	Total stockholder's equity
		\$	\$	\$
Balance as at November 30, 2022	15	179,154	56,804	235,958
Net income and comprehensive income	—	—	16,978	16,978
Balance as at November 30, 2023	15	179,154	73,782	252,936
Net loss and comprehensive loss	—	—	(12,556)	(12,556)
Balance as at November 30, 2024	15	179,154	61,226	240,380

MTY Franchising USA, Inc.
Consolidated balance sheets

As at November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Assets			
Current assets			
Cash		12,834	21,138
Restricted cash	2	250	271
Accounts receivable	4	28,755	29,461
Inventories		7,182	6,414
Assets held for sale	5, 7 & 8	3,116	1,668
Current portion of loans receivable		384	272
Receivable from ultimate parent	13 & 25	204,389	148,828
Prepaid expenses and deposits		8,039	8,386
Other current assets		4,834	3,333
Income taxes receivable	23	4,402	4,919
		274,185	224,690
Loans receivable		66	151
Contract cost asset		4,277	3,696
Other assets		2,106	1,896
Property, plant and equipment	7	53,675	63,599
Operating lease right-of-use assets	6	190,303	187,074
Intangible assets	8	577,327	602,168
Goodwill	9	346,490	376,175
		1,448,429	1,459,449
Liabilities			
Current liabilities			
Accounts payable		14,808	15,878
Accrued liabilities		26,837	28,769
Gift card liability	11	109,252	104,858
Promotional funds payable		10,523	14,690
Current portion of operating lease liabilities	6	38,340	37,080
Current portion of deferred revenue and deposits	12	8,093	7,775
Advance from parent company	13 & 25	4,417	2,249
Advances from companies under common control	13 & 25	—	42
Current portion of holdback payable	15	—	912
		212,270	212,253

MTY Franchising USA, Inc.
Consolidated balance sheets (continued)

As at November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Liabilities (continued)			
Long-term loan from company under common control	14	708,363	705,683
Other liabilities		—	159
Liabilities held for sale	5, 7 & 8	2,116	—
Operating lease liabilities	6	156,073	153,413
Deferred revenue and deposits	12	28,170	24,753
Deferred income taxes	23	101,057	110,252
		1,208,049	1,206,513
Stockholder's equity			
Common stock	17	179,154	179,154
Retained earnings		61,226	73,782
		240,380	252,936
		1,448,429	1,459,449

Approved by the Board on January 31, 2025

_____, Director

MTY Franchising USA, Inc.
Consolidated statements of cash flows

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Operating activities			
Net (loss) income and comprehensive (loss) income		(12,556)	16,978
Items not affecting cash:			
Depreciation – property, plant and equipment	7	13,469	11,358
Amortization – intangible assets	8	15,765	19,213
Interest expense	22	53,768	53,977
Loss on disposal of property, plant and equipment and intangible assets		376	1,843
Impairment charge – property, plant and equipment	7 & 10	6,150	169
Impairment charge – operating lease right-of-use assets	6	849	—
Impairment charge – intangible assets and goodwill	8 & 10	37,452	4,063
Gain on contingent consideration from a business acquisition	3	—	(1,600)
Loss on de-recognition/lease modification of operating lease liabilities	6	41	736
Deferred income tax recovery		(9,195)	(6,405)
		106,119	100,332
Interest paid		(53,768)	(53,977)
Changes in non-cash working capital items			
Accounts receivable		2,874	(4,133)
Inventories		(925)	198
Prepaid expenses and deposits		(278)	(1,140)
Loans receivable		(27)	1,410
Other current assets		(1,502)	(412)
Income taxes		(303)	(1,842)
Accounts payable		(1,070)	(911)
Accrued liabilities		(1,817)	(5,853)
Promotional funds payable		(4,166)	(2,045)
Gift card liability		4,546	7,521
Deferred revenue and deposits		3,735	1,088
Other		713	1,512
Net cash provided from operating activities		54,131	41,748

MTY Franchising USA, Inc.**Consolidated statements of cash flows (continued)**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

		2024	2023
	Notes	\$	\$
Investing activities			
Net cash outflow on acquisitions	3	—	(221,180)
Net cash acquired through business acquisitions	3	—	6,884
Additions to property, plant and equipment	7	(10,963)	(13,250)
Additions to intangible assets	8	(318)	(565)
Proceeds on disposal of intangible assets	7	230	—
Proceeds on disposal of property, plant and equipment		692	358
Proceeds on disposal of assets held for sale		1,614	—
Net cash used in investing activities		(8,745)	(227,753)
Financing activities			
Receivable from ultimate parent and parent company	13	(55,562)	(221,985)
Receivable from companies under common control		2,638	405,836
Repayment of holdback payable	15	(787)	—
Net cash (used in) provided from financing activities		(53,711)	183,851
Net decrease in cash		(8,325)	(2,154)
Cash, beginning of year		21,409	23,563
Cash, end of year		13,084	21,409
Supplemental cash flow information	24		

The accompanying notes are an integral part of the consolidated financial statements.

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

1. Nature of operations

MTY Franchising USA, Inc. (the "Company" or "MTY USA") was incorporated on March 14, 2001. The Company operates, develops and franchises restaurants under a multitude of different banners in the United States of America (the "US").

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the US ("US GAAP"). The Company uses the US dollar as its functional and reporting currency, and tabular amounts are rounded to the nearest thousand (\$000) except when otherwise indicated. MTY USA is a wholly owned subsidiary of MTY Franchising Inc. which is a subsidiary of the ultimate parent of MTY Food Group Inc.

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Presented below are those policies considered particularly significant:

Basis of consolidation

The consolidated financial statements reflect the financial position and operating results of the Company, including wholly owned subsidiaries and investees that we control.

The principal subsidiaries of the Company are as follows:

Principal subsidiaries	Percentage of equity interest
	%
BF Acquisition Holdings, LLC	100
BQ Concepts, LLC	100
Famous Dave's of America Inc.	100
Kahala Franchising, LLC	100
La Salsa Franchise, LLC	100
Papa Murphy's International, LLC	100
VI Brandco, LLC	100
Wetzel's Pretzels, LLC (Note 3)	100

Revenues and expenses of subsidiaries are included in the consolidated statement of operations and comprehensive income (loss) from the effective date of acquisition. The subsidiaries are consolidated from the acquisition date until the date on which the Company ceases to control them.

All intercompany transactions, balances, revenues and expenses are eliminated in full upon consolidation.

Business combinations

The Company accounts for acquired businesses using the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, Business Combinations. The consideration transferred for the acquisition is the fair values of the assets transferred, the liabilities incurred, and the equity interest issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the purchase price over the estimated fair values of the net assets acquired. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the statement of operations as a bargain purchase gain.

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in the statement of operations. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in income and other comprehensive income are reclassified to the statement of operations where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete.

Functional currency

The functional currency of the Company and its subsidiaries is the US dollar. The Company translates monetary assets and liabilities that are denominated in currencies other than the US dollar at the exchange rates prevailing at the end of the reporting period; non-monetary assets denominated in foreign currencies are translated using the exchange rate prevailing at the transaction date; all revenue and expense items denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date. All foreign exchange gains and losses are reported in the statement of operations.

Revenue recognition

Revenue is recognized upon the transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive for those goods or services:

Revenue from franchise locations

- i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.
- ii) Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers are presented directly on the consolidated balance sheets. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Revenue recognition (continued)

Revenue from franchise locations (continued)

- iii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.
- iv) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.
- v) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.
- vi) The Company earns rent revenue on certain leases it holds; the Company's policy is described below.
- vii) Revenue from equipment sale and retail sales are recognized upon transfer of control, generally upon shipment of the equipment or goods. This revenue is recorded in resale material and retail sales.
- viii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption patterns of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed. Notably, this does not apply to gift card liabilities assumed in a business acquisition, which are accounted for at fair value at acquisition date.
- ix) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the period. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in franchising revenue.
- x) The Company earns e-commerce fees, which includes point-of-sale ("POS") support fees and transaction fees for purchase made through one of the Company's brands' e-commerce platforms. POS supports fees are received quarterly in advance and are recognized over the period they cover. Transaction fees are recognized when the food items purchased from a store are delivered or picked up by customers.

Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

Contract cost asset

The Company recognizes incremental costs of obtaining a contract as an asset if they are expected to be recoverable, unless their amortization period would be less than one year, in which case they are expensed as incurred. The costs are amortized to operating expenses over the term of the related franchise agreement.

Leasing

In accordance with ASC 842, the Company determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use asset and a lease liability at the lease commencement date. Leases with an initial term of 12 months or less but greater than one month are not recorded on the balance sheet for select asset classes.

The lease liability is measured at the present value of future lease payments as of the lease commencement date. The right-of-use asset recognized is based on the lease liability adjusted for prepaid and deferred rent and unamortized lease incentives. An operating lease right-of-use asset is amortized on a straight-line basis over the lease term and is recognized as a single lease cost against the operating lease liability. A finance lease right-of-use asset is amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Leasing (continued)

Operating lease expense is recognized on a straight-line basis over the lease term and is included in Operating expenses. Variable lease payments are expensed as incurred. The Company uses its incremental borrowing rates as the discount rate for its leases, which is equal to the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease terms for all the Company's leases include the contractually obligated period of the leases, plus any additional periods covered by Company options to extend the leases that the Company is reasonably certain to exercise. Certain leases provide that the lease payments may be increased annually based on the fixed rate terms or adjustable terms such as the Consumer Price Index. Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in the lease liability.

Lease expense is comprised of operating and finance lease costs, short-term lease costs, and variable lease costs, which primarily include common area maintenance, real estate taxes, and insurance for the Company's real estate leases.

The Company enters into leases for franchised and corporately-owned locations, offices, and equipment in the normal course of business.

The Company as lessee

The Company recognizes operating lease liabilities with corresponding operating lease right-of-use assets, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. The Company's leases are all classified as operating leases. The amortization of the operating lease right-of-use asset and interest expense related to the operating lease liability are recorded together as the lease expense to produce a straight-line recognition effect in the consolidated statement of operations. Under ASC 842, operating lease right-of-use assets are tested for impairment in accordance with ASC 360, Property, Plant and Equipment.

The Company as lessor

When the Company enters into a sublease arrangement as an intermediate lessor, the Company accounts for the head lease and the sublease as two separate contracts. All the subleases of the Company are classified as operating subleases by reference to the operating lease right-of-use asset arising from the underlying asset. For operating subleases, the Company recognizes an operating right-of-use asset relating to the head lease and recognizes a deferred rent asset or liability in the sublease. As the intermediate lessor, the Company retains the operating lease liability on the head lease in its consolidated balance sheet. During the term of the sublease, the Company recognizes both lease income on the sublease and lease expense on the head lease.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Expected Credit loss

The Company currently uses an expected credit loss ("ECL") model for its trade receivables, which permits the uses of the lifetime expected loss provision for all trade receivables and also incorporates forward-looking information. Lifetime ECL represents the ECL that will result from all probable default events over the expected life of a financial instrument.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Assets held for sale

Assets are classified as held for sale when management with the appropriate authority commits to a plan to sell the assets, the assets are available for immediate sale, the assets are actively marketed at a reasonable price, the sale is probable within a year, and certain other criteria met. Assets held for sale primarily include Company-owned stores and, in some instances, associated trademarks and right-of-use assets, when the Company has committed to their sale as part of an approved plan. Assets designated as held for sale are held at the lower of the net book value or fair value less costs to sell. Depreciation is not charged against property, plant and equipment or right-of-use assets classified as assets held for sale.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their historical costs less accumulated depreciation (buildings) and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use.

Equipment, leasehold improvements, rolling stock and computer hardware are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of operations.

Depreciation is based on the following terms:

Buildings	Straight-line	25 to 50 years
Equipment	Straight-line	Three to 10 years
Leasehold improvements	Straight-line	Term of the lease
Rolling stock	Straight-line	Five to seven years
Computer hardware	Straight-line	Three to seven years

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if applicable.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, if applicable, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost reduced by previous impairment losses, if applicable.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statement of operations when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights

The franchise rights acquired through business combinations are recognized at the fair value of the estimated future cash inflows related to the acquisition of franchises. The franchise rights are generally amortized on a straight-line basis over the term of the agreements which typically range between 10 to 20 years.

Trademarks

Trademarks acquired through business combinations are recognized at their fair value at the time of the acquisition and are not amortized. Trademarks are determined to have an indefinite useful life based on their brand recognition and their ability to generate revenue through changing economic conditions with no foreseeable time limit.

Other

Included in other intangible assets are purchased software and liquor licences, which are being amortized over their expected useful life on a straight-line basis.

Impairment of long-lived assets other than goodwill

The Company continually reviews whether events or circumstances subsequent to the acquisition of any long-lived assets, including intangible assets with finite and infinite useful lives, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows on an undiscounted basis related to the assets exceed the recorded carrying amount of those assets to determine if an asset is impaired. Should an impairment be identified, a loss would be recorded to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar cash flow projections on a discounted basis. The reporting units of indefinite intangible assets are individual brands, comprised of franchise rights, trademarks, and perpetual licenses.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the unit or group of units ("reporting unit") that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. As of September 1, 2024, the Company reassessed the reporting units based on a strategic realignment and merger of business units in the US. With the change in management team and the overall change in decision making and overall synergies brought from the merger of these units, it was determined that the merger US Goodwill Unit A and D would be merged and that US Goodwill Unit B and C would be merged.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Impairment goodwill (continued)

As at November 30, 2024, goodwill is allocated as follows:

Goodwill unit description	2024	2023
US Goodwill Unit A	A group of reporting units comprised of all the brands, excluding Papa Murphy's and the brands acquired with BBQ Holdings, Inc. ("BBQ Holdings")	A group of reporting units comprised of all the brands, excluding Papa Murphy's and the brands acquired with BBQ Holdings, Inc. ("BBQ Holdings")
US Goodwill Unit B	A group of reporting units comprised of the BBQ Holdings brands and the Papa Murphy's brand	One reporting unit comprised of Papa Murphy's brand
US Goodwill Unit C		A group of reporting units comprised of the BBQ Holdings brands
US Goodwill Unit D		One reporting unit comprised of Wetzel's Pretzels brand

Impairment of goodwill (continued)

Goodwill is tested for impairment on an annual basis (September 1 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Cash and restricted cash

Cash and restricted cash include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. As at November 30, 2024, cash and restricted cash included \$250 of restricted cash (2023 – \$271) that is required as part of guarantees on certain lease commitments.

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis and include acquisition costs and other costs incurred to bring inventories to their present location and condition.

Market value represents the current replacement cost, provided that the cost does not exceed the net realizable value or is not less than the net realizable value reduced by a normal profit margin.

Contingencies

Litigation, disputes and closed stores

Provisions for the expected cost of litigation, disputes and the cost of settling leases for closed stores, with the exception of operating lease liabilities already recorded pursuant to ASC 842, are recognized when it becomes probable the Company will be required to settle the obligation, at management's best estimate of the expenditure required to settle the Company's obligation.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)

Contingencies (continued)

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized, and the amount initially recognized.

Financial instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, loans receivable, receivable from company under common control, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company, advances from companies under common control, long-term loan from company under common control and holdbacks payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values for cash, restricted cash, accounts receivable, loans receivable, receivable from company under common control, receivable from ultimate parent, accounts payable, accrued liabilities, promotional funds payable, advance from parent company and advances from companies under common control approximate their carrying values due to their immediate or short-term maturities, unless otherwise noted. The long-term loan from company under common control, advances from ultimate parent and holdbacks payable are measured at amortized cost using the effective interest method.

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional funds. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The promotional funds collected, and the related expenditures are reported on a gross basis in the consolidated statements of operations and comprehensive income. To the extent that promotional funds received exceed the related promotional expenditures, the excess contributions will be recorded in accounts payable or accrued liabilities.

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations. As at November 30, 2024, promotional funds were in a net liability position amounting to \$7,694 (2023 – net liability position of \$11,357).

Subsequent events

Subsequent events were evaluated through the date that the consolidated financial statements were issued, which was January 31, 2024.

Estimates and assumptions

Business combinations

For business combinations, the Company must make assumptions and estimates to determine the purchase price accounting of the business being acquired. To do so, the Company must determine the acquisition date fair value of the identifiable assets acquired, including such intangible assets as franchise rights and master franchise rights, trademarks, step-in rights and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses and future system sales growth. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated balance sheets on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's future statement of operations.

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

2. Significant accounting policies (continued)*Estimates and assumptions (continued)**Goodwill and indefinite-lived intangible assets*

The fair value calculation includes estimates of revenue growth, which are based on past performance and internal projections for the intangible asset group's forecasted growth, and royalty rates, which are adjusted for our particular facts and circumstances. The discount rate is selected based on the estimated cost of capital that reflects the risk profile of the related business. These estimates are highly subjective, the ability to achieve the forecasted cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies.

Contingencies

The Company makes assumptions and estimations based on its current knowledge of future disbursements it will have to make in connection with various events that have occurred in the past and for which the amount to be disbursed and the timing of such disbursement are uncertain at the date of producing its consolidated financial statements. This includes contingencies for onerous contracts, litigations and disputes and other contingencies.

Gift card liabilities

Management is required to make certain assumptions in both the prorated recognition based on redemption pattern and remoteness recognition of gift card breakage. The significant estimates are breakage rate and the redemption patterns.

3. Business acquisitions**I) Sauce Pizza and Wine (2023)**

On December 15, 2022, the Company completed the acquisition of the assets of Sauce Pizza and Wine, an operator of fast casual restaurants operating in the state of Arizona in the US. As of the date of the acquisition, Sauce Pizza and Wine was operating 13 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$11,165 and a holdback on acquisition of \$798, as detailed below. The resulting aggregate cash outflow in connection with the Sauce Pizza and Wine acquisition was \$9,927.

	<u>2023</u>
	\$
Consideration paid:	
Purchase price	11,165
Working capital	(401)
Cash	23
Discount on non-interest-bearing holdback	(39)
Total consideration	<u>10,748</u>
Cash	(23)
Holdback	(798)
Net consideration paid/cash outflow	<u>9,927</u>

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

I) Sauce Pizza and Wine (2023) (continued)

The final purchase price allocation is as follows:

	<u>2023</u>
	\$
Net assets acquired:	
Current assets	
Cash	23
Inventories	183
Prepaid expenses and deposits	<u>193</u>
	399
Property, plant and equipment	3,821
Operating lease right-of-use assets	7,262
Intangible assets – Trademark	4,140
Goodwill ⁽¹⁾	<u>3,658</u>
	19,280
Current liabilities	
Accrued liabilities	78
Gift card liability	1,086
Current portion of operating lease liabilities	<u>1,218</u>
	2,382
Operating lease liabilities	<u>6,150</u>
	8,532
Net purchase price	<u><u>10,748</u></u>

⁽¹⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$160.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023)

On December 8, 2022, the Company completed the acquisition of all of the issued and outstanding shares of COP WP Parent, Inc. ("Wetzel's Pretzels"), a franchisor and operator of quick service restaurants operating in the snack category across 25 states in the US, as well as in Canada and Panama. As of the date of the acquisition, Wetzel's Pretzels was operating 328 franchised and 38 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$210,189, as detailed below. The resulting aggregate cash outflow in connection with the Wetzel's Pretzels acquisition was \$203,328. The transaction consideration also includes \$3,000 held in escrow contingent on the execution of several lease contracts within 12 months of acquisitions. As of December 8, 2023, only a portion of the contracts were executed and therefore \$1,600 was released from escrow and recorded as a gain in the statement of profit and loss.

	<u>2023</u>
	\$
Consideration paid:	
Purchase price	<u>210,189</u>
Total consideration	<u>210,189</u>
Cash	<u>(6,861)</u>
Net consideration paid/cash outflow	<u>203,328</u>

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

3. Business acquisitions (continued)

II) Wetzel's Pretzels (2023) (continued)

The final purchase price allocation is as follows:

	<u>2023</u>
	\$
Net assets acquired:	
Current assets	
Cash	6,861
Accounts receivable	1,005
Inventories	265
Current portion of loans receivable	45
Prepaid expenses and deposits	757
Income taxes receivable	1,371
	<u>10,304</u>
Loans receivable	594
Property, plant and equipment	5,082
Operating lease right-of-use assets	21,931
Intangible assets – Franchise rights	35,600
Intangible assets – Trademarks	71,700
Goodwill ⁽¹⁾	118,447
	<u>263,658</u>
Current liabilities	
Accounts payable	911
Accrued liabilities	4,979
Promotional funds payable	431
Current portion of operating lease liabilities	936
Current portion of deferred revenue and deposits	67
Income taxes payable	547
	<u>7,871</u>
Operating lease liabilities	20,995
Deferred revenue and deposits	939
Deferred income taxes	23,664
	<u>53,469</u>
Net purchase price	<u>210,189</u>

⁽¹⁾ Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$320.

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

4. Accounts receivable

Details of accounts receivable are as follows:

	2024	2023
	\$	\$
Total accounts receivable	30,676	31,738
Less: Allowance for credit losses	(1,921)	(2,277)
Total accounts receivable, net	28,755	29,461
Of which:		
Not past due	23,612	25,787
Past due for more than one day but no more than 30 days	1,736	430
Past due for more than 31 days but no more than 60 days	695	208
Past due for more than 61 days	2,712	3,036
Total accounts receivable, net	28,755	29,461
	2024	2023
	\$	\$
Allowance for credit losses, beginning of year	(2,277)	(2,013)
Recovery (provision)	322	(733)
Additions through business acquisition	—	(374)
Reversal of amounts previously written off	(33)	(2)
Write-offs	67	845
Allowance for credit losses, end of year	(1,921)	(2,277)

5. Assets and liabilities held for sale

Assets and liabilities held for sale as at November 30, 2024 and 2023 are stated at fair value less costs to sell. During the reporting period, the Company designated certain assets and liabilities related to a casual dining brand as held for sale. This decision reflects management's formal commitment to a plan to divest these assets, which include both Company-owned stores and associated intangible assets.

The assets reclassified as held for sale primarily consist of inventories, prepaid expenses, deposits, right-of-use assets (Note 6), property plant, and equipment (Note 7) and intangible assets (Note 8). The liabilities included in the carrying value are the gift card payable and the lease liability (Note 6). This reclassification on November 30, 2024 led to an impairment charge of \$849 to right-of-use-asset, \$505 to property, plant and equipment and \$1,088 to trademarks in Reporting Unit A. The total carrying amount reclassified as held for sale is comprised of assets of \$3,116 and liabilities of \$2,116 resulting in a net amount of \$1,000.

In November 2023 assets held for sale comprised of one locations leasehold improvement, land and building that were transferred from property, plant and equipment (Note 7). They did not meet the definition of assets held for sale at the acquisition date of BBQ Holdings.

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

6. Leases**Operating lease right-of-use assets**

The following table provides the net carrying amounts of the operating lease right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2024 and 2023:

	Offices and stores	Other	Total
	\$	\$	\$
Balance as at November 30, 2022	165,208	433	165,641
Additions	7,115	160	7,275
Additions through business acquisitions (Note 3)	29,274	—	29,274
Depreciation expense	(40,972)	(278)	(41,250)
De-recognition/lease modifications	26,139	(5)	26,134
Balance as at November 30, 2023	186,764	310	187,074
Additions	12,844	90	12,934
Assets held for sale (Note 5)	(953)	—	(953)
Depreciation expense	(39,781)	(139)	(39,920)
Impairment charge	(849)	—	(849)
De-recognition/lease modifications	32,047	(30)	32,017
Balance as at November 30, 2024	190,072	231	190,303

The Company recorded sublease income from its operating lease right-of-use assets amounting to \$23,431 (2023 – \$24,789).

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

6. Leases (continued)**Operating lease liabilities**

The following table provides the net carrying amounts of the operating lease liabilities and the changes in the years ended November 30, 2024 and 2023:

	2024	2023
	\$	\$
Operating lease liabilities, beginning of year	190,493	167,716
Additions	12,934	7,284
Additions through business acquisitions (Note 3)	—	29,380
Transfer to assets held for sale (Note 5)	(1,848)	—
Lease renewals and modifications	35,264	29,624
Lease terminations	(3,316)	(3,554)
Other adjustments	(329)	(201)
Interest expense	10,731	10,449
Payments	(49,516)	(50,205)
Operating lease liabilities, end of year	194,413	190,493

Recorded in the consolidated balance sheets as follows:

	2024	2023
	\$	\$
Current portion	38,340	37,080
Long-term portion	156,073	153,413
	194,413	190,493

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after November 30, 2024:

	Leases	Expected sublease income
	\$	\$
2025	49,565	22,430
2026	43,786	18,679
2027	37,267	14,647
2028	30,325	10,977
2029	22,736	6,760
Thereafter	50,978	10,130
Total undiscounted lease payments	234,657	83,623
Less: Unearned finance income	(40,244)	—
Total present value of lease liabilities and expected sublease income	194,413	83,623

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

7. Property, plant and equipment

Cost	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022	21,299	26,495	24	3,998	3,145	3,509	58,470
Additions	6,215	5,978	—	1,007	—	50	13,250
Additions through business acquisition (Note 3)	2,014	6,242	(8)	(89)	75	(314)	7,920
Disposals	(578)	(155)	—	(125)	—	—	(858)
Impairment (Note 10)	(139)	(16)	—	(14)	—	—	(169)
Balance as at November 30, 2023	28,811	38,544	16	4,777	3,220	3,245	78,613
Additions	5,100	4,427	—	1,369	—	67	10,963
Disposals	(1,088)	(221)	—	(90)	—	—	(1,399)
Impairment (Note 10)	(2,239)	(3,662)	—	(249)	—	—	(6,150)
Transfer to assets held for sale (Note 5)	(469)	(323)	—	(22)	—	—	(814)
Balance as at November 30, 2024	30,115	38,765	16	5,785	3,220	3,312	81,213
Accumulated depreciation	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022	1,535	1,512	7	914	—	44	4,012
Depreciation	3,362	7,381	(7)	524	—	98	11,358
Disposals	(282)	(65)	—	(9)	—	—	(356)
Balance as at November 30, 2023	4,615	8,828	—	1,429	—	142	15,014
Depreciation	4,658	8,087	3	531	—	190	13,469
Disposals	(516)	(115)	—	(68)	—	—	(699)
Transfer to assets held for sale (Note 5)	(141)	(98)	—	(7)	—	—	(246)
Balance as at November 30, 2024	8,616	16,702	3	1,885	—	332	27,538
Carrying amounts	Equipment	Leasehold improve- ments	Rolling stock	Computer hardware	Land	Building	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2023	24,196	29,716	16	3,348	3,220	3,103	63,599
November 30, 2024	21,499	22,063	13	3,900	3,220	2,980	53,675

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

8. Intangible assets

Cost	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2022	181,224	417,870	5,007	604,101
Additions	—	—	565	565
Additions through business acquisitions (Note 3)	34,260	67,830	517	102,607
Disposals	—	—	(177)	(177)
Impairment (Note 10)	(559)	(3,504)	—	(4,063)
Balance as at November 30, 2023	214,925	482,196	5,912	703,033
Additions	275	—	43	318
Disposals	—	—	(230)	(230)
Impairment (Note 10)	(1,390)	(6,191)	(186)	(7,767)
Transfer to assets held for sale (Note 5)	—	(1,222)	(175)	(1,397)
Balance as at November 30, 2024	213,810	474,783	5,364	693,957
Accumulated amortization	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2022	80,593	—	1,108	81,701
Disposals	—	—	(49)	(49)
Amortization	18,434	—	779	19,213
Balance as at November 30, 2023	99,027	—	1,838	100,865
Amortization	15,124	—	641	15,765
Balance as at November 30, 2024	114,151	—	2,479	116,630
Carrying amounts	Franchise rights	Trademarks	Other	Total
	\$	\$	\$	\$
November 30, 2023	115,898	482,196	4,074	602,168
November 30, 2024	99,659	474,783	2,885	577,327

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

9. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2024	2023
	\$	\$
Goodwill, beginning of year	424,828	286,713
Amount recognized from business acquisitions (Note 3)	—	138,115
Goodwill, end of year	424,828	424,828
Accumulated impairment, beginning of year	(48,653)	(48,653)
Impairment (Note 10)	(29,685)	—
Accumulated impairment, beginning and end of year	(78,338)	(48,653)
Carrying amount	346,490	376,175

10. Impairment – property, plant and equipment, intangible assets and goodwill

The Company performed its annual impairment test as at September 1, 2024, resulting in the recognition of \$6,679 (2023 – \$4,063) of impairment losses on its intangible assets for five of its brands (2023 – four brands). The Company also recorded an impairment of \$1,088 on one of its brands resulting from the reclass to assets held for sale (Note 5).

As of September 1, 2024, the Company reassessed the reporting unit based on a strategic realignment and merger of business units in the US. The goodwill impairment for the reporting unit comprised of Papa Murphy's brand was subject to an impairment test prior to the strategic realignment and this resulted in an impairment of goodwill of \$29,685 (2023 – \$nil).

Additionally, the Company recorded \$6,150 of impairment losses on its property, plant and equipment (2023 – \$169), for a total of \$43,602 (2023 – \$4,232) of impairment charges on its property, plant and equipment, intangible assets and goodwill for the year ended November 30, 2024, which have been recognized in the consolidated statement of operations.

Impairment charges were based on the amount by which the carrying values of the assets exceeded the fair value, determined using expected discounted projected operating cash flows for trademarks and franchise rights.

Impairment by reporting unit for the year ended November 30, 2024:

	Intangible assets					
	Property, plant and equipment	Franchise rights	Trademarks	Other	Goodwill	Total
	\$	\$	\$	\$	\$	\$
Reporting Unit A	1,886	205	2,069	—	—	4,160
Reporting Unit B	4,264	1,185	4,122	186	29,685	39,442
	6,150	1,390	6,191	186	29,685	43,602

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

10. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2023:

	Property, plant and equipment	Intangible assets		Total
		Franchise rights	Trademarks	
	\$	\$	\$	\$
Reporting Unit A	22	559	3,264	3,845
Reporting Unit B	—	—	—	—
Reporting Unit C	105	—	240	345
Reporting Unit D	42	—	—	42
	169	559	3,504	4,232

The key assumptions used are those related to projected operating cash flows, as well as the discount rates. The sales forecasts for cash flows were based on the subsequent fiscal year's budgeted operating results, which were prepared by management and approved by the Board, and internal forecasts for subsequent years, which were prepared by management and developed from the budgeted operating results.

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at fair value as at September 1, 2024 and 2023:

	2024		2023			
	Reporting Unit A	Reporting Unit B	Reporting Unit A	Reporting Unit B	Reporting Unit C	Reporting Unit D
(\$, except percentage data)						
Discount rates after tax	10.0%	10.0%	10.5%	10.5%	10.5%	10.5%
Discount rates pre-tax	12.7%	13.0%	13.4%	13.8%	13.7%	13.6%
Recoverable amounts	875,925	604,533	539,407	266,604	313,644	270,246

Long-term growth rates ranging from 0% to 2% (2023 – 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of four brands (2023 – three brands) representing 0.5% (2023 – 0.7%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in additional impairment charges on goodwill for the years ended November 30, 2024 and 2023. For Reporting Unit A, an increase of 430 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 2.0% were used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges on intangible assets of one brand (2023 – nil) representing 0.1% (2023 – nil) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit B would not result in additional impairment charges on goodwill for the years ended November 30, 2024 and 2023. For Reporting Unit B, an increase of 130 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

11. Gift card liability

The changes in the carrying amount of the gift card liability are as follows:

	2024	2023
	\$	\$
Gift card liability, beginning of year	104,858	91,453
Activations	77,690	52,873
Redemptions	(66,987)	(39,603)
Gift card liability acquired and purchase price allocation adjustments (Note 3)	—	5,884
Deferred program fees and other	(320)	(1,065)
Gift card breakage recorded	(5,989)	(4,684)
Gift card liability, end of year	109,252	104,858

12. Deferred revenue and deposits

	2024	2023
	\$	\$
Franchise fee deposits	33,594	28,948
Unearned rent	1,737	1,794
Supplier contributions and other allowances	932	1,786
	36,263	32,528
Current portion	(8,093)	(7,775)
	28,170	24,753

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

\$7,329 (2023 – \$8,055) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2024:

Estimate for fiscal year:	\$
2025	8,093
2026	4,452
2027	3,660
2028	2,814
2029	2,411
Thereafter	14,833
	36,263

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

13. Receivables and advances from ultimate parent, parent company and companies under common control

The receivable from ultimate parent is primarily comprised of a renewable one-year term loan facility of \$194,988 (2023 – \$148,670). The term loan is unsecured and bears interest at the rate set at the Applicable Federal Rates as issued by the US Internal Revenue Service for short-term instruments. The term loan may be repaid, in whole or in part, at any time, without premium or penalty. MTY USA may also request repayment, in whole or in part, at any time, without penalty.

The advance from ultimate parent is comprised of three loans totaling \$708,363 seen in note 14 (2023 – \$705,683). Those loans are unsecured and each tranche has a different interest rate spanning from non interest bearing to 9.26%. These loans may be repaid, in whole or in part, at any time, without premium or penalty.

The receivable from company under common control and advances from parent company and companies under common control are non-interest bearing and receivable/due on demand with no specified collection/repayment terms.

14. Long-term loan from company under common control

	2024	2023
	\$	\$
Non interest-bearing loan, due on demand	2,700	—
Interest-bearing loan at 5.4%, repayable by November 27, 2026 ⁽¹⁾	299,850	299,850
Interest-bearing loan at 9.26%, repayable by December 8, 2029	405,813	405,833
	708,363	705,683

⁽¹⁾ This loan is subject to a maximum debt-to-EBITDA ratio of 6.00:1.00 starting on November 27, 2019, and a minimum EBITDA interest coverage ratio of 2.00:1.00 to be calculated in conjunction with interest payments based on the past 12 months.

15. Holdback payable

	2024	2023
	\$	\$
Non-interest-bearing holdback on acquisition of Sauce Pizza and Wine, repayable in December 2023 (Note 3)	—	837
Non-interest-bearing holdback on acquisition of the assets of two restaurants located in California, repayable within the next 12 months	—	75
Current portion of holdback payable	—	912

MTY Franchising USA, Inc.

Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

16. Contingencies

The contingencies for litigation and disputes represent management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the consolidated balance sheet. These contingencies consist of multiple items, a large part of which are insurance claims, including worker's compensation claims, at the Company's corporately owned locations. The timing of the settlement of these contingencies is unknown given their nature, as the Company does not control the litigation timelines.

	2024	2023
	\$	\$
Provision for litigations, disputes and other contingencies, beginning of year	2,849	724
Reversals	(790)	(304)
Amounts used	(9,424)	(8,797)
Additions	10,058	11,226
Provision for litigations, disputes and other contingencies, end of year	2,693	2,849

17. Common stock

	2024		2023	
	Shares Issued	\$	Shares issued	\$
Balance, beginning and end of year	15	179,154	15	179,154

18. Financial instruments

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

Fair value of recognized financial instruments

The Company has determined that the fair value of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash, accounts receivable, receivable from ultimate parent, deposits loans receivable, accounts payable, accrued liabilities, promotional funds payable, advances from parent company and from companies under common control and holdbacks.

Risk management policies

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2024.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables, loans receivable and deposits. For accounts receivable and loans receivable, the amounts disclosed on the consolidated balance sheets are net of allowances for bad debts, estimated by the Company's management based on past experience and counterparty specific circumstances. The Company believes that the credit risk of accounts receivable is limited for the following reasons:

- The Company's broad client base is spread mostly across the US, which limits the concentration of credit risk.
- The Company accounts for specific bad debt provisions when management considers that the expected recovery is less than the actual account receivable.

The credit risk on cash is limited because the Company invests its excess liquidity in high-quality financial instruments and with credit-worthy counterparties.

MTY Franchising USA, Inc.**Notes to the consolidated financial statements**

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

18. Financial instruments (continued)

The credit risk on deposits is also limited as these are mostly with well-established and credit-worthy companies.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company has limited exposure to interest rate risk as its long-term loans from company under common control and ultimate parent as well as its long-term debt have fixed interest rates

19. Revenue

	For the year ended					
	November 30, 2024			11/30/2023 Adjusted ⁽¹⁾		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Corporate store revenues	—	330,599	330,599	—	337,937	337,937
Royalties	128,335	—	128,335	128,461	—	128,461
Franchise fees, transfer fees and master license fees	5,770	—	5,770	4,996	—	4,996
Promotional funds	56,563	—	56,563	56,734	—	56,734
Program allowances	30,373	—	30,373	32,499	—	32,499
Breakage income	5,989	—	5,989	4,684	—	4,684
Resale material and retail sales	4,781	—	4,781	5,754	—	5,754
Rent	25,199	—	25,199	26,337	—	26,337
Other	9,929	—	9,929	9,215	—	9,215
	266,939	330,599	597,538	268,680	337,937	606,617

- (1) Certain comparative figures have been reclassified to conform with current year presentation. Lease income in comparative period of \$26.3 million was reclassified from operating expense to revenue.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

20. Operating expenses

	For the year ended					
	November 30, 2024			November 30, 2023 Adjusted ⁽²⁾		
	Franchising	Corporate	Total	Franchising	Corporate	Total
	\$	\$	\$	\$	\$	\$
Cost of goods sold	2,342	89,624	91,966	2,284	94,465	96,749
Wages and benefits	52,855	118,514	171,369	54,590	115,976	170,566
Advertising, marketing and promotion	443	6,000	6,443	462	5,311	5,773
Rent	27,748	37,925	65,673	31,895	34,105	66,000
Professional and consulting fees and commission	11,544	2,037	13,581	12,054	4,394	16,448
Office, travel, meals and entertainment and utilities	13,482	37,998	51,480	13,302	37,713	51,015
Promotional funds	56,563	—	56,563	56,734	—	56,734
Gift card program costs	6,499	—	6,499	6,695	—	6,695
Other ⁽¹⁾	954	25,918	26,872	2,342	25,474	27,816
Bad debt (recovery) expense	(293)	147	(146)	438	250	688
	172,137	318,163	490,300	180,796	317,688	498,484

(1) Other operating expenses are comprised mainly of other office administration expenses.

(2) Certain comparative figures have been reclassified to conform with current year presentation. Lease income in comparative period of \$26.3 million was reclassified from operating expense to revenue.

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees and rent.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

21. Restructuring

During the year, the Company initiated a restructuring plan as part of a strategic realignment to streamline operations and improve efficiency. The Company recognized restructuring costs of \$1,342 primarily related to employee severance costs of \$832 with the remainder being in relation to the discontinuation of one of its brands. No additional expenses are expected to be incurred.

22. Interest expense

	2024	2023
	\$	\$
Interest charged by companies under common control (Note 25)	53,768	53,977
Interest expense	53,768	53,977

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

23. Income taxes

The Company accounts for income taxes in accordance with ASC 740. ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740, income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the consolidated financial statements than for tax purposes.

	2024	2023
Income tax expense (recovery)	\$	\$
Current tax expense	9,918	7,807
Deferred tax recovery	(9,195)	(6,405)
Total tax expense	723	1,402

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory federal income tax rate of 21% (2023 – 21%) to the income for the period as follows:

	2024	2023
	\$	\$
(Loss) income before income taxes	(11,833)	18,380
Income tax (recovery) expense at federal statutory rate	(2,478)	3,860
State and local income taxes net of federal tax benefit	881	2,360
Non-deductible/non-taxable items	5,484	(216)
True-up of prior year tax provision	(3,950)	(2,239)
Rate variation on deferred income tax	724	(102)
Credits generated and used in current year	—	(2,371)
Other	62	110
Income tax expense	723	1,402

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

Years ended November 30, 2024 and 2023

(In thousands of US dollars)

23. Income taxes (continued)

Components of the net deferred tax asset (liability):

	2024	2023
	\$	\$
Inventories	(275)	(264)
Allowance for credit losses	192	595
Deferred revenue and deposits	4,676	4,725
Gift card liability	2,959	2,947
Accrued liabilities	41,158	33,567
Non-capital losses and other tax credits	1,917	4,570
Other	(1,941)	(1,285)
Operating lease liabilities	48,125	48,406
Total deferred tax assets	96,811	93,261
Deferred costs	(600)	(948)
Property, plant and equipment	(9,632)	(11,490)
Operating lease right-of-use assets	(47,277)	(47,497)
Intangible assets	(140,054)	(143,345)
Holdback payable	(305)	(233)
Total deferred tax liabilities	(197,868)	(203,513)
Net deferred tax liability	(101,057)	(110,252)

24. Supplemental cash flow information

During the year ended November 30, 2024, the Company paid \$10,348 (2023 – \$8,268) in income taxes. Furthermore, there are non-cash items included in the proceeds on disposition of property, plant and equipment amounting to a net liability of \$113 (2023 – net liability of \$1,574). The non-cash items were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations.

25. Related party transactions

The Company has transactions in the normal course of business with its ultimate parent, parent company and companies under common control. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Exhibit D-2
Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, MTY Franchising USA, Inc., a Tennessee corporation ("Guarantor"), located at 9311 E. Via De Ventura, Scottsdale, Arizona 85258, absolutely and unconditionally guarantees to assume the duties and obligations of VI BrandCo, LLC, a Delaware limited liability company, located at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164 ("Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Scottsdale, Arizona on February 23, 2026.

Guarantor:

MTY Franchising USA, Inc., a Tennessee
corporation

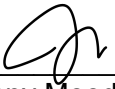
By:  _____
Jenny Moody, Chief Legal Officer

Exhibit E
ACH Fund Transfer Authorization

AUTHORIZATION FOR AUTOMATIC PAYMENTS

Company Name: _____ (“Company”)

Address: _____

Form of organization: _____
(Corporation, General Partnership, Sole Proprietorship, etc.)

Organized under the laws of the State of: _____

Company hereby authorizes VI BrandCo, LLC and its affiliate (“Village Inn”) and the financial institution named below to initiate DEBIT entries to Company’s checking account specified below for payment of amounts due to Village Inn pursuant to Company’s agreements with Village Inn. This authority will remain in effect until Company notifies Village Inn in writing at the address specified below in such time as to afford Village Inn and the financial institution a reasonable opportunity to act on it. Company agrees to be bound by the operating rules of the National Automated Clearing House Association (NACHA) as the same may apply.

Depository Bank Name: _____

Account Number: _____ Bank ABA Number: _____

Company: _____

Signature: _____

Name: _____

Title: _____

Date: _____

Addresses for Notice:

If to Village Inn:

If to Company:

VI BrandCo, LLC _____

Attn: Treasurer _____

12701 Whitewater Drive, Suite 100 _____

Minnetonka, Minnesota 55343-4164 _____

(PLEASE ATTACH A VOIDED CHECK)

Exhibit F
State Administrators

CALIFORNIA

Dept. of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
866-275-2677

FLORIDA

Department of Agriculture and Consumer
Services
Mayo Building, 2nd Floor
Tallahassee, Florida 32399

HAWAII

Business Registration Division
Department of Commerce and Consumer
Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
Franchise Section, Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Office of the Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Franchise Examiner
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of Banking and
Finance
Commerce Court
1200 N Street, P.O. Box 95006
Lincoln, Nebraska 68509-5006

NEW YORK

Special Deputy Attorney General
New York Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271

NORTH DAKOTA

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue
Dept. 401
Bismarck, North Dakota 58505

OREGON

Department of Consumer and Business
Services
Division of Finance and Corporate
Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Chief Securities Examiner
Director of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre SD 57501
(605) 773-4823

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 45804
Salt Lake City, Utah 84111

VIRGINIA

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

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue
Madison, Wisconsin 53703

Exhibit G
Agents for Service of Process

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation 320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

CONNECTICUT

Banking Commissioner of State of Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce,
Corporations and Securities Bureau
670 Law Building
Lansing, Michigan 48913

MINNESOTA

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

NEW YORK

Secretary of State of the State of New York
41 State Street
Albany, New York 12231

NORTH CAROLINA

Secretary of State of North Carolina
300 North Salisbury Street
Raleigh, North Carolina 27603

NORTH DAKOTA

Insurance Commissioner
North Dakota Insurance & Securities
Department
600 East Boulevard Avenue
Dept. 401
Bismarck, North Dakota 58505

OREGON

Director
Department of Consumer and Business
Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Director of Department of Business
Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre SD 57501

VIRGINIA

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

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
201 West Washington Avenue
Madison, Wisconsin 53703

Exhibit H
State Addenda to Disclosure Document

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPL.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the

franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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

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

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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to Hawaii statutes and regulations, the Village Inn® Franchise Disclosure Document is modified to include the following:

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

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

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

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 DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

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.

INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to Indiana statutes and regulations, the Village Inn® Franchise Disclosure Document is modified to include the following:

The scope of the joint and mutual release executed by you as a condition of assignment of the franchised business will be limited by applicable law.

Indiana Code Section 23-2-2.7-1(9) requires that the post-termination noncompetition covenant be limited to within your exclusive territory.

Under Indiana law, you do not waive any right afforded by Indiana statutes with regard to prior representations made by VI BrandCo, LLC.

Indiana Code Section 23-2-2.7-1(10) requires that litigation between an Indiana developer and VI BrandCo, LLC will be conducted in Indiana or at a site mutually agreed upon by the parties.

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.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5 is supplemented by the addition of the following language:

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

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MICHIGAN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Section 445.1508(1) of the Michigan Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document earlier of: (i) 10 business days prior to signing the Agreement; or (ii) 10 business days prior to franchisor's receipt of any consideration.

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:

(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 Agreement 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 Agreement 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 franchised business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise Agreement is less than five (5) years; and (ii) the franchisee is prohibited by the Franchise Agreement 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 Agreement or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the Franchise Agreement.

(E) A provision that permits the franchisor to refuse to renew a Franchise Agreement 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.

(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.

(J) 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.

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.

Any questions regarding this notice shall be directed to:

STATE OF MICHIGAN
DEPARTMENT OF THE ATTORNEY GENERAL
ATTENTION: FRANCHISE SECTION
P.O. BOX 30213
LANSING, MICHIGAN 48909
(517) 373-7117

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.

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.

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.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of

an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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.

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

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

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

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.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

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

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

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.

SOUTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to South Dakota statutes and regulations, the Village Inn® Franchise Disclosure Document is modified to include the following:

Covenants not to compete are generally unenforceable in South Dakota, except in limited circumstances provided by law.

Any provision of the Franchise Agreement which designates jurisdiction or venue outside South Dakota or requires jurisdiction or venue in a forum outside of South Dakota is void if the cause of action is otherwise enforceable in South Dakota.

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 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.”

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.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgements.** 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.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

For franchisees subject to Wisconsin statutes and regulations, the Village Inn® Franchise Disclosure Document is modified to include the following:

Item 17

1. For all franchisees residing in the State of Wisconsin, VI BrandCo, LLC will provide you at least 90 days prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or related contract, which is inconsistent with the law.

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.

Village Inn
State Effective Dates

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

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

State	Effective Date
California	March 27, 2026
Hawaii	Not Registered
Illinois	March 27, 2026
Indiana	March 27, 2026
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	March 27, 2026
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	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.

RECEIPT

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

In Iowa and New York, VI BrandCo, LLC must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. In Michigan, VI BrandCo, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If VI BrandCo, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, we may have committed a violation of federal or state law which you should report to the Federal Trade Commission, Washington, D.C. 20580 or the appropriate state agency listed in Exhibit F.

The name(s), address(es) and telephone number(s) of the franchise seller(s) is(are):

_____.

Date of Issuance: March 27, 2026.

The name and address of our registered agent authorized to receive service of process is shown in Exhibit G.

I have received a Village Inn Franchise Disclosure Document dated March 27, 2026. This Disclosure Document includes the following Exhibits:

Exhibit A	Franchise Agreement
Exhibit A-2	Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note and Security Agreement and Guaranty (if applicable)
Exhibit A-3	Sublease
Exhibit B	Intentionally Omitted
Exhibit C	Franchisees of Village Inn Restaurants/Franchisees That Have Left the System
Exhibit D-1	Financial Statements
Exhibit D-2	Guarantee of Performance
Exhibit E	ACH Fund Transfer Authorization
Exhibit F	State Administrators
Exhibit G	Agents for Service of Process
Exhibit H	State Addenda to Disclosure Document

PROSPECTIVE FRANCHISEE:

Print Name: _____

Date: _____

PROSPECTIVE FRANCHISEE:

Print Name: _____

Date: _____

Please return the signed and dated Receipt to VI BrandCo, LLC by mail to 12701 Whitewater Drive, Suite 100, Minnetonka, MN 55343-4164

RECEIPT

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

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PROSPECTIVE FRANCHISEE:

PROSPECTIVE FRANCHISEE:

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Please keep this Receipt for your records.