

FRANCHISE DISCLOSURE DOCUMENT



Famous Dave's of America, Inc.
dba *Famous Dave's*
a Minnesota corporation
12701 Whitewater Drive, Suite 100
Minnetonka, Minnesota 55343-4164
952-294-1300
www.famousdaves.com
www.famousfranchising.com
www.bbq-holdings.com
www.facebook.com/famousdaves

Famous Dave's of America, Inc. franchises authentic, down-home barbecue restaurants featuring genuine smoked barbecue. Famous Dave's® Restaurants operate under the name Famous Dave's®. Famous Dave's® Restaurants serve combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts, specialty cocktails, and other food and beverage items.

The total investment necessary to open a Famous Dave's® Restaurant ranges from \$435,000 to \$2,865,000 if you lease the premises for a Famous Dave's® Restaurant, and from \$824,500 to \$4,440,000 if you purchase the land and building for a Famous Dave's® Restaurant. This includes \$39,000 to \$90,000 that must be paid to the franchisor. The total investment necessary to open an add-on ghost kitchen or cloud kitchen Famous Dave's® Restaurant ranges from \$53,500 to \$645,000 if you lease the premises for a Famous Dave's® Restaurant, and from \$53,500 to \$1,820,000 if you purchase the land and building for an add-on ghost kitchen Famous Dave's® Restaurant. This includes \$19,000 to \$55,000 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, Famous Dave's or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Famous Dave's of America, Inc., 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. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide

to Buying a Franchise,” which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: 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 E-1.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Famous Dave's® 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 Famous Dave's® franchisee?	Item 20 or Exhibit E-1 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, Williams Building, 1st Floor, Lansing, MI 48933; (517) 373-7117.

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

**FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT**

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1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

Famous Dave's of America, Inc., the Franchisor who does business under this name, is referred to as "Famous Dave's" or "Franchisor." The restaurant franchise offered and sold by Famous Dave's is referred to in this Disclosure Document as the "Famous Dave's[®] Restaurant" or the "Restaurant." "You" means the person or entity who buys the franchise. If the franchisee is a corporation, limited liability company, partnership or other entity, then "you" may also mean the shareholders, members, partners, or other owners of that entity. 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.

Famous Dave's is a Minnesota corporation formed on March 14, 1994. Famous Dave's principal business address is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300, www.famousdaves.com. Famous Dave's parent company is BBQ Holdings, Inc. ("BBQ"). On or about September 27, 2022, BBQ merged with a wholly-owned subsidiary of MTY Food Group, Inc. ("MTY") having an address at 8150 Transcanada Highway, Suite 200, Saint Laurent, Québec H4S 1MF. 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 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. Famous Dave's agents for service of process are listed in Exhibit A to this Disclosure Document.

Parents, Predecessors and Affiliates of Famous Dave's

Famous Dave's parent is BBQ, which is a Minnesota corporation. Its principal business address is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. BBQ was formed in 2019 to serve as the parent company of Famous Dave's and other concepts, and it has never operated franchises in any line of business.

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, Sushiman, 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.

MTY Affiliates

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 a principal address at 9311 E. Via De Ventura, Scottsdale, Arizona 85258; (5) La Salsa Franchise, LLC, a Delaware limited liability company with a 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, a California limited liability company with a principal business office at 35 Hugus Alley, Suite 300, Pasadena, CA 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.

The following chart summarizes the franchise brands offered in the United States by MTY USA or its 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 MTY USA 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, frozen yogurt, 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
Kahala Coffee Traders	Restaurants serving coffee and espresso, tea, baked goods, parfaits,	6 franchised units. And 1 licensed unit.	November 2011 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
	sandwiches and merchandise		
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 Diperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	2 franchised units	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, skilletts, eggs, 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
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.

Franchised Business

Famous Dave's franchises authentic barbecue restaurants under the name "Famous Dave's®." Famous Dave's® Restaurants feature the service of high-quality foods and beverages in a casual, comfortable, and fun environment. Famous Dave's® Restaurants serve combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts, specialty cocktails, and other food and beverage items. Your Famous Dave's® Restaurant will offer one of six types of service to its customers: full service, counter service, line service, flex service, or add-on ghost kitchen, or cloud kitchen. Except for the differences related to the service type of the Restaurant, all Famous Dave's® Restaurants are substantially similar except for the add-on ghost kitchen and cloud kitchen. An add-on ghost kitchen operates out of a restaurant that does not operate under the Famous Dave's® marks or has been previously associated with Famous Dave's®, and a cloud kitchen operates out of a commercial kitchen that is not attached to any restaurant that offers any type of dine-in services. Both add-on ghost kitchen and cloud kitchens will only offer and sell delivery and to-go services, and will not conduct or permit any type of dine-in services at its premises. If you acquire an add-on ghost kitchen or a cloud kitchen, you will need to execute the respective addendum attached as an exhibit to the Franchise Agreement,

Unless specifically noted otherwise, the information in this Disclosure Document applies to and includes Famous Dave's® Restaurants that offer full service, counter service, line service, flex service, or add-on ghost kitchen services, and cloud kitchen services to their customers.

Famous Dave's® Restaurants operate in a developed market and you will compete with local, regional and national barbecue restaurants and other full-service and quick-service casual restaurant chains and eating establishments. There may be unforeseen changes in the economy and the industry.

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

Regulations Specific to the Restaurant Industry

The restaurant industry is heavily regulated. Many of the laws, rules, and regulations that apply to businesses generally have particular applicability to restaurants, especially restaurants that serve alcoholic beverages. All Famous Dave's® Restaurants must comply with federal, state, and local laws applicable to the operation and licensing of restaurant businesses, including nutritional disclosure requirements, regulations affecting the content of foods served in restaurants and obtaining all applicable health permits and/or inspections and approvals by municipal, county, or state health departments that regulate food and liquor service operations. Your Famous Dave's®

Restaurant must also meet applicable municipal, county, state, and federal building codes and handicap access codes. You should consider these laws and regulations when evaluating your purchase of a franchise.

Unless Famous Dave's agrees otherwise, Restaurants 4,000 square feet or greater must serve beer, wine and other alcoholic beverages. Restaurants less than 4,000 square feet may serve beer and wine. You must have a liquor license before you sell alcoholic beverages at your Restaurant. 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.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

Prior Business Experience of Famous Dave's During Last 10 Years

Famous Dave's commenced its franchise program in 1998, and as of November 30, 2025, had 70 operational franchises in the United States (see Item 20 and Exhibit E-1). Famous Dave's does not operate or offer franchises in any other line of business. Famous Dave's has operated Famous Dave's® Restaurants since 1994. As of November 30, 2025, Famous Dave's owned and operated 30 company-owned Famous Dave's® Restaurants (see Item 20 and Exhibit E-2).

From 1996 until 2020, Famous Dave's operated a Famous Dave's® BBQ & Blues Club at Calhoun Square in Minneapolis, Minnesota. Famous Dave's never offered franchises for the Famous Dave's® BBQ & Blues Club concept.

Certain proprietary products which have been developed by Famous Dave's, such as sauces, seasonings, rubs, potato chips and marinades, are distributed in retail grocery stores throughout the United States under licensing agreements.

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 Tsafoulias

Mr. Tsafoulias 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.

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 Schneiter; 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 Schneiter; 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 Buchannan, 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 SweetFrog, 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.

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

4. BANKRUPTCY

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

5. INITIAL FEES

Initial Fee

If you sign a Franchise Agreement for a single Restaurant that offers full service, counter service or line service (as apart of full service), you must pay Famous Dave's a nonrefundable Initial Fee of \$35,000 depending on the service model.

If you sign a Franchise Agreement for a single add-on ghost kitchen or cloud kitchen Restaurant, you must pay Famous Dave's a nonrefundable Initial Fee of \$10,000. We will not grant you a ghost kitchen or cloud kitchen add-on unless you have also entered into a Franchise Agreement for a Restaurant.

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.

You must pay the Initial Fee in full when you sign the Franchise Agreement.

Opening Team Expenses

You will reimburse Famous Dave's 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 Famous Dave's 50% of the estimated Opening Team expenses for your Restaurant, which Famous Dave's 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, Famous Dave's 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 (For all Restaurants except an add-on ghost kitchen, if requested)

You will pay to Famous Dave's the then-current Site Review Report Fee after Famous Dave's 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.

During Famous Dave's 2025 fiscal year, because some franchisees operate under different forms of agreements with Famous Dave's, Famous Dave's collected from franchisees amounts ranging from \$0 to \$65,000 for the Initial Fees identified in this Item 5.

6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks (1)(2)(6)
Royalty Fees	5% of Revenues (3)	Tuesday of each week for the preceding week (4)	See Note 3.
Marketing Fund Fees	Currently 1% of Revenues (5)	Tuesday of each week for the preceding week	Deposited into one or more local, regional, national or international marketing funds controlled by Famous Dave's.
Audit Fees	Amount incurred by Famous Dave's to audit your Famous Dave's® Restaurant business, estimated to range from \$1,000 to \$10,000	Within 15 days after receipt of an invoice	Payable only if an audit shows that you understated your Revenues by more than 2% in any reporting period.
Assignment Fee	\$5,000	On or before the date of the assignment	You must obtain Famous Dave's approval for an assignment. See Item 17 for more information on assignment.
Collection Costs	Amount incurred by Famous Dave's to collect unpaid fees	On demand	Includes attorneys' fees and costs.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to Famous Dave's.
Additional Training	You must pay the then-current Per Diem Training Fee (currently \$750 per day) for each trainer provided by Famous Dave. You must also reimburse Famous Dave's for the Travel Expenses it incurs, estimated to range from \$100 to \$1,000 per trainer.	On demand after training is completed	Payable if additional training is required by Famous Dave's because your Restaurant fails to meet certain performance standards or Famous Dave's otherwise determines that additional training is necessary, or if you request that one or more members of your Management Staff undergo additional training.

Type of Fee	Amount	Due Date	Remarks (1)(2)(6)
Reacquisition Fee	50% of the Initial Fee in the then-current standard Franchise Agreement	When you sign a new Franchise Agreement for your Famous Dave's® Restaurant	Payable only if, after the expiration of your Franchise Agreement, you meet all requirements and reacquire the Franchise for your Famous Dave's® Restaurant.
Local Advertising	Minimum of 1.5% of Revenues	Payable to suppliers as incurred	You must spend at least 1.5% of your quarterly and annual Revenues on approved local advertising. When two or more independently owned or controlled Famous Dave's Restaurants, including the Franchisee's Restaurant, are opened in the Franchisee's Designated Market Area ("DMA"), you will contribute Local Advertising Fees equal to 1.5% of your weekly Revenues to a local advertising group (the "Local Advertising Association"). Local Advertising Fees will meet your local advertising requirement (see Item 11).
Review of Unapproved Supplier	You must reimburse Famous Dave's for the expenses it incurs inspecting an unapproved supplier, estimated to range from \$500 to \$3,000	Within 30 days after you receive an invoice from Famous Dave's	Payable only if you request that Famous Dave's review and approve an unapproved supplier.
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 Famous Dave's requirements. Famous Dave's 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	Estimated to range from \$250 to \$500 per inspection	Within 30 days after receipt of an invoice	Famous Dave's can utilize feedback and inspection programs to evaluate your operations, quality, compliance and food safety. Famous Dave's (in its sole discretion) may share the cost for these services upon the audit or inspection of your location if passing feedback is obtained.

Type of Fee	Amount	Due Date	Remarks (1)(2)(6)
Network Infrastructure Equipment and Security	\$3,500 to \$4,500	Upon invoicing	Payable to Famous Dave's
Technology Support Fees	\$200 to \$325 per month	As incurred	Payable to Famous Dave's for ongoing technology support
Costs, Expenses, and Attorneys' Fees	Variable	Upon demand	Payable only if Famous Dave's 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 7

Type of Fee	Amount	Due Date	Remarks (1)(2)(6)
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

Notes:

- (1) With the exception of the costs associated with local advertising, maintenance, and remodeling, unless otherwise specified, each fee is imposed by and payable to Famous Dave's. Different versions of the Franchise Agreement from prior registration periods contain different fees, due dates and fee amounts. Famous Dave's may in its discretion waive or reduce certain fees described in this Item from time to time.
- (2) All fees are nonrefundable and, unless otherwise directed, are payable to Famous Dave's via electronic transfer of funds.
- (3) Revenues include the total dollar sales from your Restaurant. It does not include sales, use, or gross receipt taxes, or coupons, discounts or employee meals.
- (4) Paid by electronic transfer initiated by Famous Dave's.
- (5) Famous Dave's can increase the percentage of your Revenues payable for the Marketing Fund Fee by up to 1/2% per year after giving you at least 60 days prior notice of the increase.
- (6) Additional fees associated with the acquisition of a Refranchised Restaurant are described in Item 5 above.
- (7) If, in order to obtain the lease agreement for the site of your Famous Dave's 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.

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Add-On Ghost Kitchen/ Cloud Kitchen)	Amount (Line Service)(1)	Amount (Counter Service)(1)	Amount (Full Service)(1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Fee	\$8,000-\$10,000	\$28,000-\$35,000	\$28,000-\$35,000	\$28,000-\$35,000	Lump Sum	See Item 5 of this Disclosure Document	Famous Dave's
Leasehold Improvements (3)	\$0-\$300,000	\$200,000 - \$500,000	\$300,000 - \$700,000	\$475,000 - \$1,600,000	As Incurred	Before Opening	Suppliers
Land, Building and Construction (4)	\$0-\$1,500,000	\$600,000 - \$1,500,000	\$1,575,000 - \$2,407,500	\$2,410,000 - \$3,200,000	As Arranged	Before Opening	Suppliers
Travel and Living Expenses for You and Your Management Staff During Training (5)	\$10,000 - \$20,000	\$10,000 - \$20,000	\$15,000 - \$30,000	\$25,000 - \$40,000	As Incurred	During Training	Employees, Airlines, Hotels and Restaurants
Reimbursement of Expenses for Opening Team	\$10,000-\$40,000	\$10,000 - \$50,000	\$10,000 - \$50,000	\$10,000 - \$50,000	50% in advance; balance due upon completion	See Items 5 and 11 of this Disclosure Document	Famous Dave's
Furniture, Fixtures, Décor, and Equipment (6)	\$0-\$100,000	\$100,000 - \$250,000	\$200,000 - \$350,000	\$500,000 - \$650,000	As incurred	As Incurred	Supplier or Leasing Company
Architectural and Engineering Fees	\$0-\$50,000	\$20,000 - \$40,000	\$40,000 - \$75,000	\$50,000 - \$170,000	As Arranged	Before Opening	Suppliers
Signs	\$10,000-\$25,000	\$25,000 - \$45,000	\$30,000 - \$55,000	\$45,000 - \$75,000	Lump Sum	Before Opening	Suppliers
Liquor License Costs (7)	\$500 - \$5,000	\$500 - \$5,000	\$5,000 - \$50,000	\$25,000 - \$75,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Site Review Report Fee (13)	\$0	\$1,000 - \$5,000	\$1,000 - \$5,000	\$1,000 - \$5,000	Lump Sum	As Incurred	Famous Dave's
Restaurant Lease Payments - 3 Months (8)	\$0 - \$25,000	\$10,500 - \$25,000	\$20,000 - \$45,000	\$10,500 - \$25,000	As Incurred	As Incurred	Landlord
Employee Salaries - 3 Months (9)	\$0 - \$35,000	\$15,000 - \$35,000	\$25,000 - \$50,000	\$60,000 - \$95,000	As Incurred	As Incurred	Employees

Miscellaneous (10)	\$5,000 - \$10,000	\$5,000 - \$10,000	\$5,000 - \$10,000	\$5,000 - \$10,000	As Incurred	Before Opening or otherwise as arranged	Landlord, Utilities, Government Agencies, Insurance Companies, Attorneys, Accountants, and Other Professionals
Grand Opening Celebration (11)	\$5,000- \$15,000	\$5,000 - \$15,000	\$5,000 - \$15,000	\$15,000 - \$25,000	As Arranged	Before Opening	Suppliers
Additional Funds - 3 Months [these figures have not been offset by operating revenues] (12)	\$5,000 - \$10,000	\$5,000 - \$10,000	\$5,000 - \$15,000	\$5,000 - \$10,000	As Incurred	As Incurred	Famous Dave's, Employees, Suppliers and Utilities
Total if premises leased by you (14)	\$53,500- \$645,000	\$435,000 - \$1,045,000	\$689,000 - \$1,485,000	\$1,254,500 - \$2,865,000			
Total if premises purchased by you (14)	\$53,500- \$1,820,000	\$824,500 - \$2,020,000	\$1,944,000 - \$3,147,500	\$3,179,000 - \$4,440,000			

Notes:

- (1) This estimated initial investment is for one new Famous Dave's® Restaurant that you develop after signing a Franchise Agreement. If you purchase a Refranchised Restaurant, the estimated initial investment will be different. For instance, unless we otherwise consent, you will assume a Refranchised Restaurant's existing lease. As a result, the costs you incur in connection with identifying and developing a site will be different. Additionally, you may not need to hold a Grand Opening Celebration.

For the estimated range of costs, Famous Dave's relied on its years of experience in the restaurant business, as discussed in Item 1 of this Disclosure Document. You should carefully review these figures with your business advisor before making any decision to purchase a franchised Famous Dave's® Restaurant.

- (2) Payments are not refundable unless otherwise noted. Famous Dave's does not offer direct or indirect financing.
- (3) Lease only: These figures represent the cost to lease and remodel an existing building to a Famous Dave's® Restaurant. Famous Dave's® Restaurants are generally located in free-standing buildings and end caps in retail centers, and require from 2,400 square feet up to 6,200 square feet of floor space with seating for 50 to 210 guests. The rental rate will generally be between \$15 and \$35 per square foot. For add-on ghost kitchens, the low estimate assumes that you will operate your add-on ghost kitchen out of an existing restaurant that does not operate under the Famous Dave's® marks. For cloud kitchens, the low estimate assumes that you that you will operate your cloud kitchen out of your existing commercial kitchen that you already own or lease. The high estimate assumes for both an add-on ghost kitchen and a cloud kitchen assumes that you will be purchasing equipment and building out a commercial kitchen that is several hundred square feet.
- (4) Purchase only: If you choose to purchase the land and building for your Famous Dave's® Restaurant, your initial costs likely will be significantly higher than if you choose to lease the premises for your Restaurant. Except for an add-on ghost kitchen or cloud kitchen, the land required for your Famous Dave's® Restaurant will require from 0.75 acres to 2 acres, and the building will require from 2,400 square feet to 6,200 square feet of floor space with seating for 50 to 210 guests. Your initial investment if you chose to purchase the land and building may range from \$400,000 to \$1,250,000 for the cost of the property and \$100,000 to \$1,300,000 for the cost of construction or remodeling (not including equipment costs). In addition, you may be required to landscape or make other improvements to your site which may range from \$100,000 to \$350,000. Thus, your total estimated expenditures to purchase the land and building for your Restaurant that offers full service, counter service or line service may range from \$600,000 to \$2,900,000. For add-on ghost kitchens, the low estimate assumes that you will operate your ghost kitchen out of an existing restaurant that does not operate under the Famous Dave's® marks. For cloud kitchens, the low estimate assumes that you that you will operate your cloud kitchen out of your existing commercial kitchen that you already own or lease. The high estimate for both an add-on ghost kitchen and a cloud kitchen assumes that you will be purchasing and constructing the building that will house your add-on ghost kitchen or cloud kitchen. Some of your costs for the property, construction and other site improvements may be financed through a bank or other financial institution. The cost to purchase land on which to construct a Restaurant may vary widely

depending upon the location of the land, the demand for the site, the zoning, the assessed value of the parcel, the attributes of the parcel and related area, such as parking availability, accessibility and traffic flow, and the general economic conditions. These estimates are based upon the experience of Famous Dave's in the Midwestern and Eastern United States; depending upon your area, your costs may be higher.

- (5) You must pay for the Travel Expenses and other expenses while you and your Management Staff attend the initial training program (see Item 11). Salaries and Benefits are not included.
- (6) This includes the cost of the computer hardware, peripherals, and software that will serve as your point-of-sale system, and the maintenance agreement for that system (see Item 11), and also includes the costs for décor items and installation services. For add-on ghost kitchens, the low estimate assumes that you will operate out of an existing restaurant that does not operate under the Famous Dave's® marks. For cloud kitchens, the low estimate assumes that you already operate out of a commercial kitchen not attached to a restaurant. Your furniture, fixtures, décor and equipment may be financed through a bank or other financial institution, leased or purchased outright.
- (7) Liquor license costs generally are less than \$35,000. However in isolated instances, Famous Dave's or one of its franchisees has had to pay up to \$900,000 for a liquor license. You should check with the issuing authority to determine the cost and availability of your liquor license.
- (8) Lease only: The monthly rental if you lease the premises for your Franchised Location may include common area maintenance fees and real estate taxes. The amount indicated may also include a one month advanced rental payment, security deposit and prepaid expenses. Isolated instances could be higher. For add-on ghost kitchens, the low estimate assumes that you will out of an existing restaurant that does not operate under the Famous Dave's® marks. For cloud kitchens, the low estimate assumes that you already operate out of a commercial kitchen not attached to a restaurant.
- (9) This estimate does not include the salaries for you or your Management Staff during training. For ghost kitchens, the low estimate assumes that you will operate your ghost kitchen out of your existing Famous Dave's® Restaurant and will not require additional employees to perform the services.
- (10) Miscellaneous fees include such items as security, utility and license deposits, impact fees, insurance premiums for three months, and professional services such as attorneys and accountants. You should check with the local agency that issues building permits to determine what impact, connection, or other site development fees might be required for the specific site for your Famous Dave's® Restaurant. Environmental impact fees vary significantly for each location, and may range from .5% to 3% of the value of the land. You must maintain general liability insurance with coverage of at least \$2,000,000 per occurrence and \$5,000,000 aggregate coverage, liquor liability insurance with coverage of at least \$2,000,000 per occurrence if your Famous Dave's® Restaurant serves any alcoholic beverages, hired and non-owned automobile liability insurance with coverage of at least \$1,000,000 combined single limit per accident, business personal property insurance with 100% of full replacement cost coverage – no coinsurance - Special Form or equivalent (minimum of \$100,000), spoilage coverage with limits of \$5,000, business interruption insurance with coverage of at least \$300,000 per occurrence, building improvement and

betterments insurance with coverage of at least 100% of full replacement cost – no coinsurance (minimum of \$100,000) umbrella liability insurance with coverage of at least \$3,000,000 per occurrence, and all insurance required by law, such as workers' compensation and employer's liability insurance, and flood, earthquake and volcanic eruption coverage that is subject to territory limitations and required if in a designated Flood Zone.

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, employment practices liability, 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.

- (11) You must spend a minimum of \$15,000 on the grand opening celebration for your first Restaurant. Famous Dave's can require that you spend up to \$25,000 for the initial marketing and advertising campaign for your Restaurant.
- (12) During the first three months of operations, you will need additional funds to cover your expenditures for supplies, food and beverage inventories, local advertising, utilities, and other miscellaneous operating costs. This estimate has not been offset by any allowance for your operating revenues during this three month period. Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, and employment laws and regulations, operating revenues and other economic factors.
- (13) These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Famous

Dave's® Restaurant, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, Famous Dave's will not derive revenue or other material consideration based upon your purchases of products or services from designated suppliers or approved suppliers or based upon your purchases of products or services that must meet Famous Dave's standards and specifications. Except as described below, Famous Dave's does not provide any material benefit to you based upon your use of designated or approved suppliers. Famous Dave's and/or its affiliates may derive revenue from these services by charging more than its costs.

Obligation to Purchase or Lease Products or Services from Famous Dave's

As of the date of this Disclosure Document, Famous Dave's or other third-party we may designate are the only approved suppliers for services related to the preparation of the Site Review Report for your Restaurant. Otherwise, you do not have to purchase or lease any products or services from Famous Dave's, although in the future Famous Dave's or an affiliate may be an approved supplier of products and services for your Restaurant, including a single source for proprietary or other products and services. You will pay the then-current price in effect for all purchases you make from Famous Dave's or an affiliate, and Famous Dave's or its affiliate may derive revenue from such purchases by charging you more than its costs.

Obligation to Purchase or Lease Products or Services under Famous Dave's Restrictions

There are certain sauces, seasonings, spices, food, food items, disposable and tabletop items, and recipe ingredients that are proprietary to Famous Dave's or that are selected by Famous Dave's for consistency in quality and other considerations. These items, such as certain brand name products, are manufactured or produced only by manufacturers or producers approved by Famous Dave's in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all Famous Dave's® Restaurants, you must purchase all proprietary sauces, seasonings, spices, food, food items, disposable and tabletop items, and recipe ingredients from a member of Famous Dave's Distribution Marketing Advantage system, Sysco Corporation, or from any other vendor/distributor Famous Dave's may designate in the future. Famous Dave's reserves the right to limit the number of approved suppliers. Famous Dave's will provide a written list of these proprietary or selected products and services. Famous Dave's will also notify you of any additions to or deletions from the list.

Famous Dave's will provide you with brand standards for the layout of your Famous Dave's® Restaurant premises, your equipment and signs, the décor of your Restaurant, and certain food and beverage items. Famous Dave's will issue specifications for the insurance you must carry. You must maintain commercial general liability insurance with coverage of at least what is required by law in your jurisdiction, including, building insurance with coverage of at least replacement cost if you or any of the franchisee's owners own the building or the business premises for the Franchised Location, umbrella liability insurance with coverage, and all other insurance required by law, such as workers' compensation insurance. Famous Dave's determines its standards and

specifications at its sole discretion. Famous Dave's may modify its brand standards and you must comply with any modifications. You will be responsible for ensuring that all products and services you select will continue to conform to the standards and specifications Famous Dave's establishes.

You must also purchase or lease some other products and services required for your Famous Dave's® Restaurant from suppliers approved or designated by Famous Dave's throughout the term of your agreement with Famous Dave's. As of the date of this Disclosure Document, such products and services include certain food, food items, spices and ingredients, tabletop and disposable supplies, and proprietary training tools. Famous Dave's will provide a written list of designated and approved suppliers for these other products and services. Famous Dave's will also notify you of any additions to or deletions from the list. 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. If you want to purchase products or services subject to approved supplier requirements from a supplier who has not been previously approved by Famous Dave's, then you must, at your expense, send representative samples or specifications of that supplier's goods or services, and certain other information about the supplier's products and business, to Famous Dave's. Within 45 days after receiving the necessary samples and information, Famous Dave's will notify you in writing as to whether the supplier's products or services comply with the uniformity requirements, quality standards and specifications established by Famous Dave's, and whether the supplier's business reputation, delivery performance, credit rating, and other relevant information are satisfactory. The criteria for supplier approval are available to franchisees upon request. Famous Dave's has the right to limit the number of approved suppliers for any given product or service.

You are required to install, maintain, and operate a network security appliance and related network components approved or designated by Famous Dave's in order to support secure connectivity with the Famous Dave's 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, Famous Dave's 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 Famous Dave's 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 Famous Dave's 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, Famous Dave’s 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 Famous Dave’s for use with certain operational and management applications. Famous Dave’s 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 Famous Dave's requirements.

You are required to accept all approved debit and credit cards, along with Famous Dave's or its affiliate's stored value gift cards, loyalty cards, frequency cards, and any other similar Famous Dave's or affiliate sponsored electronic card and/or payment program (collectively, the "Gift/Loyalty Card") from consumers at your *Famous Dave's* restaurant. Prior to the opening of your restaurant, you will be required to acquire an approved debit, credit and Gift/Loyalty card processing system to use during the operation of your *Famous Dave's* restaurant and participate in any online ordering programs which Franchisor may require. The components and specifications of this system are specifically identified in the Manuals. Additionally, you must utilize our approved third party payment card processor, as identified in the Manuals, for processing all such debit, credit, rewards, and Gift/Loyalty card transactions. The Payment Processor will charge fees for credit card processing based on the applicable card brand and issuing bank. Network and interchange fees vary depending on card brand, card type, and method of acceptance. For certain required credit card brands, fees are assessed on an interchange-plus basis at the then-current interchange and network rates, plus a processor markup of \$0.0175 per transaction, and are subject to future changes. Other required credit card brands may be assessed using a tiered discount rate structure, under which the applicable percentage rate varies based on card type and tier classification. All rates and fees are subject to change by the applicable network and other applicable third parties. In addition, the Payment Processor may assess additional charges for voice authorizations, chargebacks, and debit PIN transactions, as applicable.

We may require you to utilize our approved mobile application ("App") and online food ordering service (including any third-party delivery order integration) and may not use any other store-specific App or online ordering service without Famous Dave's written approval. Olo is a Franchisor-approved online ordering vendor, as of this Disclosure Document's issuance date. You may also be required to utilize third-party delivery services, through a provider of your choice, unless we require you to use a specific third-party(ies) and provided that if required and/or if you choose to participate in such third-party delivery services, you may be required to utilize a point-of-sale integration directed by us.

As of the date of this Disclosure Document, no officer of Famous Dave's owns an interest in any approved supplier.

Famous Dave's estimates that purchases of products and services under Famous Dave's requirements, including purchases of proprietary and selected products and services, purchases of products and services that meet Famous Dave's standards and specifications and purchases from designated or approved suppliers, including costs of initial construction, will range from 70% to 90% of your initial investment if you develop a brand new Famous Dave's[®] Restaurant and approximately 50% to 75% of your ongoing expenses of operating your Famous Dave's[®] Restaurant.

Consideration Provided to Famous Dave's or You from Suppliers

You must purchase certain branded food and drink items according to Famous Dave's standards and specifications, subject to Famous Dave's right to change or discontinue any identified brands. Drink items include syrups for carbonated and non-carbonated Pepsi, Dr. Pepper,

Tropicana and other drink products. If applicable, you must also purchase dispensing equipment for the drink products, which may be purchased or leased from any supplier that distributes this equipment. Famous Dave's reserves the right to receive discounts, rebates, allowances, and other consideration from suppliers of products and services as a result of franchisee purchases. As of the date of this Disclosure Document, Famous Dave's and Pepsi are parties to a Marketing Agreement which provides marketing and equipment support to the Famous Dave's® Restaurant System. In some instances, Pepsi paid Famous Dave's amounts based on franchisee purchases of drink products. In this instance, Famous Dave's has passed or will pass these amounts along to franchisees within 90 days of Famous Dave's receipt, on a pro rata basis, in the form of a rebate check; provided that Famous Dave's may withhold, or offset, any amount of rebate due to you from or against any amount owed by you to Famous Dave's. Amounts Famous Dave's retained for purchases made by company-owned Restaurants are included in its total revenue for Item 8 purchases, as noted further below. In addition to the above arrangement with Pepsi, Famous Dave's is party to a similar agreement with Dr. Pepper whereby Dr. Pepper provides marketing and equipment support to the Restaurant System generally consistent with the above-described protocol.

Famous Dave's also has negotiated certain national purchasing arrangements with suppliers of food products and equipment. Famous Dave's negotiates national purchasing arrangements to obtain lower net prices for both franchisees and company-owned Restaurants than Famous Dave's would be able to obtain separately from these suppliers. Some of these suppliers have paid Famous Dave's amounts that Famous Dave's generally allocates for use in conventions and annual general managers meetings or to support the development of marketing materials for both company-owned and franchised Restaurants, as noted further below. Famous Dave's does not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. Famous Dave's has not established purchasing or distribution cooperatives.

In addition to the cash payments from suppliers that Famous Dave's pays pro rata to franchisees or generally uses for conventions and annual general managers meetings, Famous Dave's solicits support in the form of products or other non-cash items from its suppliers for these events and other events, including charitable events. This support is used to provide a higher quality convention and/or reduce costs to Famous Dave's and its franchisees. The value of the products Famous Dave's received for these events cannot be reliably estimated, but in any event, products from any given individual supplier are not material to Famous Dave's. In addition, several of Famous Dave's suppliers contribute goods and services to Famous Dave's and its franchisees, such as product-specific equipment, training services at Restaurant openings, menu development, and promotion services and other goods and services, which individually are not material to Famous Dave's. To the extent possible, Famous Dave's attempts to pass on to franchisees and company-owned Restaurants equally the benefit of these contributions of goods and services from suppliers, either directly or to offset certain costs related to owning and operating a Famous Dave's® Restaurant. However, Famous Dave's cannot guarantee or otherwise assure you that all these goods and services will be passed on to the franchisees or will directly benefit franchisees.

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.

We may use vendor and allowance funds or other non-cash items received from Franchisor’s suppliers related to the *Famous Dave’s* brand to benefit the Famous Dave’s brand in our sole and absolute discretion.

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	Article in Franchise Agreement	Section in Sublease	Item in Disclosure Document
a. Site selection and acquisition/lease	Article 10 of Franchise Agreement	Preamble	Item 11
b. Pre-opening purchases/leases	Articles 7, 8, 11 and 12 of Franchise Agreement	Not Applicable	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Article 10 of Franchise Agreement	1.2	Items 7 and 11
d. Initial and ongoing training	Article 14 of Franchise Agreement	Not Applicable	Item 11
e. Opening	Article 14 of Franchise Agreement	Not Applicable	Item 11
f. Fees	Articles 4 and 5 of Franchise Agreement	3, 4, 5 and 18	Items 5 and 6
g. Compliance with standards and policies/ Operating Manual	Articles 7, 8, 9, 10, 11 and 12 of Franchise Agreement	Not Applicable	Items 8, 11 and 14

Obligation	Article in Franchise Agreement	Section in Sublease	Item in Disclosure Document
h. Trademarks and proprietary information	Articles 9 and 13 of Franchise Agreement	Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	Articles 7 and 8 of Franchise Agreement	6	Items 8 and 16
j. Warranty and customer service requirements	Article 7 of Franchise Agreement	Not Applicable	Item 16
k. Ongoing product/service purchases	Articles 8 and 11 of Franchise Agreement	Not Applicable	Item 8
l. Maintenance, appearance and remodeling requirements	Articles 7 and 10 of Franchise Agreement	Not Applicable	Items 7 and 11
m. Insurance	Article 12 of Franchise Agreement	8	Items 7 and 8
n. Advertising	Article 5 of Franchise Agreement	12	Items 6 and 11
o. Indemnification	Article 22 of Franchise Agreement	Not Applicable	Item 6
p. Owner's participation/management/staffing	Articles 7 and 14 of Franchise Agreement	2.3, 7, 11 and 16	Items 11 and 15
q. Records/reports	Articles 4, 5 and 6 of Franchise Agreement	Not Applicable	Item 6
r. Inspections/audits	Articles 6, 7 and 10 of Franchise Agreement	3	Items 6 and 11
s. Transfer	Articles 16 and 20 of Franchise Agreement	3.3 and 13	Items 6 and 17
t. Renewal	Article 3 of Franchise Agreement	9	Item 17
u. Post-termination obligations	Article 19 of Franchise Agreement	2.2	Item 17
v. Non-competition covenants	Article 21 of Franchise Agreement	Not Applicable	Item 17
w. Dispute resolution	Articles 23 and 24 of Franchise Agreement	Not Applicable	Item 17

10. FINANCING

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 Personal Guaranty of Franchise Agreement) 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 C-1: 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 C-1 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 C-2: 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 *Famous Dave's* restaurant at that site.

We or our affiliates may, in our sole discretion, lease the site approved by us for your *Famous Dave's* 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 Exhibit C of the Franchise Agreement: Addendum to Lease; Exhibit C: Franchise Agreement – Section 10.1 and 11).

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

Except as listed below, Famous Dave's is not required to provide you with any assistance.

Assistance Before Opening Your Famous Dave's® Restaurant:

(1)(a) *For full service, counter service, line service, or cloud kitchen Restaurants:*

Although Famous Dave's has no obligation, duty, or liability to you as a result of the site selected by you and/or the purchase or lease of the Franchised Location. If requested by you, or Famous Dave's determines it is necessary, we will provide a Site Review Report for the proposed site 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 Famous Dave's for the proposed site selected by you. Famous Dave's reserves the right, that within 30 days, Famous Dave's may visit the proposed site, 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 Famous Dave's® Restaurant. Factors considered when reviewing a proposed site include visibility, potential traffic flows, population trends, household income and financial considerations, lease terms and other demographic information. The Site Review Report is not a warranty, representation or guaranty by Famous Dave's that a Famous Dave's® 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 Famous Dave's has issued a "no-objection" letter, signifying the site simply meets brand standards. Once a "no-objection" letter is issued, you will pay Famous Dave's 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). . Famous Dave's can terminate your Franchise Agreement if you fail to open your Restaurant before the Required Opening Date, as defined in the Franchise Agreement.

(1)(b) *For add-on ghost kitchen Restaurants:*

Although Famous Dave's has no obligation, duty, or liability to you as a result of the site selected by you and/or the purchase or lease of the Franchised Location, Famous Dave's may review the proposed site for the Franchised Location whether respect to the kitchen and the operations of the to-go service. You will provide the information as may be reasonably specified by Famous Dave's for the proposed site selected by you. Famous Dave's reserves the right to visit the proposed site to evaluate and approve how to-go services will be operated and that the kitchen layout meets Famous Dave's then-current standards for a ghost kitchen. Review of any site information and/or any visits by Famous Dave's to a proposed site does not constitute an approval of the site by Famous Dave's or a warranty or representation by Famous Dave's or any other party that the site for the Franchised Location chosen by Franchisee will be a financial or operational success, or that the site complies with any or all applicable laws, codes, ordinances or regulations (including without limitation, the Americans with Disabilities Act). Any issuance of a no-objection letter by Famous Dave's means only that it has received the site information required from Franchisee and Famous Dave's has no objections to the Franchised Location from a brand standards perspective. Famous Dave's can terminate your Franchise Agreement if you do not purchase or lease a site for your Restaurant within after you sign the Franchise Agreement. Famous Dave's can also terminate your Franchise Agreement if you fail to open your Restaurant before the Required Opening Date, as defined in the Franchise Agreement.

- (2) After you sign the Franchise Agreement and pay the Initial Fee, or any other agreed upon Fees based on the Restaurant service model, Famous Dave's will train you and your Management Staff. Your Management Staff includes your Operating Partner, General Manager and, if applicable, Multi-Unit Manager, and a minimum of two and a maximum of four members of management personnel. The length of training will depend on your Restaurant service model, and based on your Restaurant service model, Famous Dave's will train your Operating Partner up to 20 shifts, your General Manager up to 30 shifts, and two to four other members of your Management Staff up to 30 shifts (see Article 14.1 of the Franchise Agreement). Each shift is an eight to ten hour day. All training programs will be held at a certified training location designated by Famous Dave's. Depending on your Restaurant service model, the current training program includes classroom and on-the-job instruction on the topics selected by Famous Dave's and is summarized in the following chart:

TRAINING PROGRAM ⁽¹⁾

Subject ⁽²⁾	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 Famous Dave's
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 Famous Dave's
Testing	5	0	Certified training location designated by Famous Dave's
Manager Training Overview of Restaurant Operations Management Functions Purchasing and Inventory Opening and Closing Systems and Tools	30	195	Certified training location designated by Famous Dave's
Review of Training Restaurant Systems Goal Setting Problem Solving	10	0	Certified training location designated by Famous Dave's
Totals:	Up to 75	Up to 300	

Notes:

⁽¹⁾ This table is for the training provided to your General Manager, Multi-Unit Manager (if applicable), Kitchen Manager and Assistant Manager(s).

(2) You will utilize the Standard Operating Procedures/Training Manual(s) (the “Manuals”) and other proprietary training tools and documents required by Famous Dave’s.

All training will be conducted under the supervision of a suitable instructor provided by Famous Dave’s. All instruction will be conducted by instructors who have experience with Famous Dave’s and/or with restaurant operations. Our instructors have been adequately trained in the ownership and operation of a Famous Dave’s 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.

The initial training program is provided to you and your Management Staff at no additional cost to you. You must pay the Salaries and Benefits, Travel Expenses and all other expenses for all persons who attend training on your behalf. The training program generally takes three to six weeks (15-30 shifts), depending on your Restaurant service model, for you and your Management Staff to complete. You and your Management Staff must begin the training program before the scheduled opening of your Restaurant and must successfully complete the training program before you open your Restaurant. If the opening of your Restaurant is delayed, you and your Management Staff may have to attend re-training as determined by Famous Dave’s.

(3) After you and your Management Staff have successfully completed the training program, Famous Dave’s will arrange for an Opening Team, at your expense, to assist you with opening your Famous Dave’s® Restaurant (see Article 14.5 of the Franchise Agreement). For up to 14 consecutive days, certain Opening Team members will assist you with implementing the Restaurant System at your Restaurant and training your staff and kitchen employees. For your second and each subsequent Restaurant opening, you will be asked to provide a prescribed number of certified trainers for the Opening Team based upon your existing number of staff. Famous Dave’s will determine and provide, at your expense, the additional personnel needed to complete the Opening Team who will be on site at your Restaurant for a minimum of 14 days. All Opening Teams will be assembled based on guidelines established by Famous Dave’s. There is no fee for this opening assistance. However, you will pay Famous Dave’s for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team within 30 days after receipt of an invoice from Famous Dave’s. Note: 50% of this expense is billed up front before the opening date.

(4) Famous Dave’s will provide franchisees access to Manuals (see Articles 9 and 15 of the Franchise Agreement). The Manuals are confidential and will remain the property of Famous Dave’s during and after the term of the Franchise Agreement. The Manuals consist of operations and training documentation and are primarily made available online to Famous Dave’s® franchisees. The Manuals available currently discuss most or all of the following subjects:

OPERATIONS	PURCHASING
Hours of Operation Training/Trainer Certification Manager's Communication Log Opening/Closing checklists Guest Service Standards Phone Answering Reservations Call-Ahead Seating Carry-out Catering Beverages Server Banking Tip out	Approved Vendors List Vendor Approval process Setting Par Levels Ordering Process Receiving Storage/Rotation Transfers in/out Waste tracking Inventory process Approved cleaning supplies Approved Vendors List Vendor Approval process Setting Par Levels Food and Beverage Recipe Vault
MARKETING	FACILITY MANAGEMENT
LSM Community Involvement Fund raisers Promotions	Cleaning Lists Preventative Maintenance Schedule Equipment Cleaning
HUMAN RESOURCE ISSUES	FINANCIAL MATTERS
Orientation Store transfers MSDS/Chemicals Food Safety Security	P&L Accounting Accounts Payable Gift Cards Credit Cards Counterfeit Bills Paid outs Voids/Refunds

- (5) Famous Dave's will provide a written schedule of all foods, food items, beverages, furniture, fixtures, supplies, and equipment required for your Famous Dave's® Restaurant (see Article 15 of the Franchise Agreement).
- (6) Famous Dave's will provide a list of the approved suppliers and distributors for the goods and services required by Famous Dave's for use in your Famous Dave's® Restaurant (see Articles 8 and 15 of the Franchise Agreement).
- (7) You are required to purchase, install, and maintain the computer and cash register 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 range from \$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. Required equipment and services may be obtained from vendors approved or designated by Famous Dave's, or from commercially available vendors that meet Famous Dave's specifications and compatibility requirements. You must purchase an integrated front-of-house and back-of-house POS system that includes terminals, guest check printers, a mechanism to communicate orders to the kitchen, and a mechanism for electronically accepting credit cards and gift cards which complies with then-current Payment Card Industry Payment Application Data Security Standards that is required by Famous Dave's. 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 Famous Dave's approved supplier or vendor. We estimate that the costs associated with credit card transactions will be between 1% and 4% of your gross sales. . 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 Famous Dave's, its affiliates, or approved third-party vendors. The scope of required services and the associated fees may be modified by Famous Dave's from time to time based on technology requirements, system changes, or operational needs, and such changes may occur without prior notice. In addition, Famous Dave's may require additional office and telecommunications equipment, and computer hardware, peripherals and software you use in your Famous Dave's® 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 Famous Dave's specifies in the Manuals or otherwise in writing). You are responsible for the cost of those items. . Famous Dave's reserves the right to have independent access to the information and data collected and generated by your computer system.

- (8) If you have a Restaurant that offers full service, counter service, or line service, Famous Dave's will provide access to a "grand opening celebration" package which will include advertising and promotional materials for your Famous Dave's® Restaurant (see Article 5 of the Franchise Agreement). For all types of Restaurants, you must spend a minimum of \$15,000 (or a higher amount as determined by Famous Dave's) on the grand opening celebration for your first Restaurant (see Item 7).
- (9) You may be required to participate in online ordering and delivery programs, which may, in Famous Dave's sole discretion, require you to pay for certain goods and/or services from Famous Dave's, 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 Famous Dave's 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.

Generally, the opening of your Famous Dave's® Restaurant will take place within eighteen (18) months after you sign the Franchise Agreement. Factors which will affect your opening date include selecting the location for your Restaurant, whether your Restaurant will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the liquor licenses, the delivery and installation of your furniture, fixtures, décor and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain authorization from Famous Dave's to open your Famous Dave's® Restaurant before you can commence business (see Article 10 of the Franchise Agreement).

Assistance During Operation of Restaurant - After Opening Of Your Famous Dave's® Restaurant:

- (1) Famous Dave's will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the Famous Dave's® training program. The training program will be conducted at a certified training Restaurant designated by Famous Dave's. You must pay the Salaries and Benefits, Travel Expenses and all other expenses for each new Management Staff member who attends the training program on your behalf (see Article 14 of the Franchise Agreement). Your Operating Partner and your General Manager must successfully complete the training program before managing your Restaurant.
- (2) Famous Dave's will make available to you basic business and accounting procedures through the training program and other materials. Famous Dave's will not charge you for such materials and information unless you seek Famous Dave's advice on business and accounting procedures at the Franchised Location (see Article 15 of the Franchise Agreement).
- (3) Famous Dave's will make advertising and marketing recommendations (see Article 15 of the Franchise Agreement). You must spend at least 1.5% of your quarterly and annual Revenues on approved local advertising (see Article 5 of the Franchise Agreement). If you fail to meet these minimum requirements, you will have to deposit with Famous Dave's the difference between what you should have spent and what you actually spent, which Famous Dave's will spend on advertising within your marketing area. Franchisees who operate more than one Famous Dave's® Restaurant may spend up to 50% of the required per-Restaurant amount on approved local advertising for any other Restaurant owned and operated by the same Franchisee in the market area. You may conduct advertising or promotion for your Famous Dave's® Restaurant if Famous Dave's has approved your advertising and promotion concepts, materials and media. You will not establish a Home Page (website) for your Restaurant without Famous Dave's consent. In addition, when

Famous Dave's provides the Franchisee with access to the local restaurant template page (the "Subpage") on Famous Dave's public website (www.famousdaves.com) or another website maintained by Famous Dave's, the Franchisee will be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Famous Dave's may set forth in the Manuals or otherwise. Finally, you may not use the words "Famous Dave's®" or any other Marks as any part of an email address, any domain name or, absent Famous Dave's prior approval, in any online medium, including social media networks such as Facebook, Twitter, LinkedIn, YouTube and the like.

When there are two or more independently owned or controlled Famous Dave's® Restaurants, including your Restaurant, in your DMA, you may be required by Famous Dave's to contribute Local Advertising Fees equal to 1.5% of your weekly Revenues for the preceding week to the Local Advertising Association (the "LAA") by Tuesday of each week. The weekly Local Advertising Fees paid by you to the LAA will meet your quarterly and annual local advertising requirements. The LAA will be governed and organized by the terms of the Franchise Agreement and administered by the "Members" of the LAA (see Article 5.6 of the Franchise Agreement). The Members of the LAA will include the franchised Famous Dave's® Restaurants and the Famous Dave's® Restaurants owned and operated by Famous Dave's in the DMA. Each Member will have one vote for each franchised or company-owned Restaurant owned by it in the DMA. Famous Dave's can form, merge, dissolve or change the LAA.

The LAA will conduct advertising, promotion, marketing and public relations for the benefit of the Famous Dave's® Restaurants located in the DMA. The LAA will not conduct any advertising, promotion, marketing or public relations program or campaign for the Famous Dave's® Restaurants in the DMA until Famous Dave's has given the LAA written approval for all proposed concepts, materials or media. The LAA will provide a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved local advertising and promotion to Famous Dave's and its Members as set forth in the Manuals or otherwise.

Famous Dave's has established one or more local, regional, national or international marketing funds (collectively, the "Fund") which will be administered and controlled by Famous Dave's (see Article 5 of the Franchise Agreement). You will contribute 1% of your weekly Revenues to the Fund (see Item 6). Famous Dave's will deposit 1% of the weekly Revenues generated by the company-owned Restaurants and payments made to Famous Dave's by certain suppliers for marketing support into the Fund (see Item 8). Not all franchisees contribute to the Fund or contribute to the Fund at the same rate.

Famous Dave's will determine how and where the payments deposited into the Fund will be spent. This includes the right of Famous Dave's to purchase and pay for product and market research, production development, production of point-of-purchase materials, ads, brochures, radio and television commercial production costs, services provided by advertising agencies, in-store advertising, signs, public relations, telemarketing, direct mail advertising, online media, promotional programs, advertising market research, graphics and design costs, creation and maintenance of a Home Page or website, Internet costs, miscellaneous advertising costs, other costs and expenses as Famous Dave's deems appropriate and in the best interests of all Famous Dave's® Restaurants and the Restaurant System, and local, regional, national and/or the Restaurant System wide promotional programs and advertising. All costs for the administration of the Fund,

collection costs and office supplies will be paid from the Fund (including attorneys' fees paid in collecting past due Marketing Fund Fees).

Famous Dave's does not have to spend the monies in the Fund in any particular market and will not have to spend the Marketing Fund Fees in your market area in proportion to the Marketing Fund Fees paid by you. Famous Dave's does not have to spend the funds in the Fund in the calendar year in which the payments were made. Payments to the Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Fund. Famous Dave's will not use the monies in the Fund for the direct solicitation of prospective franchisees. The Fund is not a trust or escrow account, and Famous Dave's does not have any fiduciary obligations regarding the Fund. A summary showing the income to and the expenditures from the Fund during each calendar year will be prepared by Famous Dave's, and copies of the summary will, upon written request, be provided to you on a confidential basis once per year. During the last fiscal year, the expenditures from the Fund were made in the following areas:

Production Costs	2%
Media Placement	10%
Innovation	14%
Miscellaneous	74%
Total	100%

To the extent there are amounts paid into the Fund in prior years that were not spent in the prior year, they are available for expenditure in future years.

- (4) Famous Dave's will periodically visit and review your Restaurant and render written reports if deemed appropriate by Famous Dave's (see Article 15 of the Franchise Agreement).
- (5) Famous Dave's will legally protect the Marks and the Restaurant System (see Article 13 of the Franchise Agreement).
- (6) Famous Dave's may develop and register new Marks (see Article 13 of the Franchise Agreement).
- (7) Famous Dave's will provide advisory services by telephone or in writing (see Article 15 of the Franchise Agreement).
- (8) Famous Dave's will furnish a sample Famous Dave's® menu and modifications to the sample menu and all supplements and modifications to the Manuals (see Articles 9 and 15 of the Franchise Agreement). Prices to be charged to your customers in connection with your Famous Dave's 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. 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.

- (9) Famous Dave's will provide the names and addresses of newly approved and designated suppliers for the products and services required by Famous Dave's to be used in your Famous Dave's® Restaurant (see Articles 8 and 15 of the Franchise Agreement).

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. If you sign a Franchise Agreement, you will operate out of a single Franchised Location, except in the event the authorized restaurant type includes a Cloud Kitchen and/or Add-On Ghost Kitchen.

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. We (and/or our affiliates) may establish other franchised or company-owned *Famous Dave's* 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 *Famous Dave's* with one or more of our other quick service restaurants or allow approved *Famous Dave's* 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 *Famous Dave's* 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 *Famous Dave's* restaurants, the Marks, all confidential and proprietary information, all copyrighted materials and the sale of *Famous Dave's* 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 *Famous Dave's* restaurants may have an adverse effect on the revenues and profitability of existing *Famous Dave's* restaurants, including your Restaurant.

You are not restricted from soliciting or accepting orders outside your territory, 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 your territory is not dependent upon your achieving a certain sales volume, market penetration, or any other contingency. However, if you wish to relocate the restaurant, Famous Dave'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.

If you operate an add-on ghost kitchen or cloud kitchen, you will be able to offer and sell delivery services within the territory where that the third-party designated service partners are willing to

conduct delivery services for you, and if you offer self-delivery with Famous Dave's prior written consent, then you can conduct self-delivery within the territory if applicable.

Famous Dave's will not franchise, license, develop, own, or operate another Famous Dave's® Restaurant in your territory, if applicable, if you sign a Franchise Agreement. However, Famous Dave's has the absolute right to: (1) develop other restaurant business concepts under other brand names even if the locations for the concept are within your territory; (2) develop Famous Dave's® Restaurants in your territory if they are located at or within an airport, a train station or other mass transit facility, a theme or entertainment park, or a stadium or arena or other venue for semi-professional or professional sports, a military installation, within the boundaries of an Indian reservation, or at a school, college, university or hospital or other similar captive market venues; (3) if you open a ghost kitchen, we have the right to reduce or terminate the franchise agreement if any brick and mortar service model wishes to enter that territory; (4) develop other food service businesses using the Marks, menu and Restaurant System concepts, so long as they are not Famous Dave's® Restaurants; (5) market, distribute, and sell or license for sale, on a wholesale or retail basis, seasonings, sauces, food products including beans, meats, poultry and fish (in cooked or uncooked form), biscuit and muffin mixes, music (on compact discs or in other media), clothing, or any other food products or other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing, or by any other marketing or distribution method, even if the sales are made by distributors or retailers who are located in your territory; and (6) advertise, promote, and participate in special promotions in your territory, including "Ribfests," cooking, recipe or restaurant competitions.

Famous Dave's is not required to pay you if it exercises any of the rights specified above inside your territory.

We reserve the right, either directly or through affiliated entities, to operate or license others to operate businesses other than *Famous Dave's* 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.





In addition to the franchised brands listed in Item 1, our affiliates also own and operate restaurant concepts which are not franchised. Another of our affiliates, BBQ Ventures, Inc., owns a concept called Real Urban Barbecue. Real Urban Barbecue is also a barbecue restaurant. Real Urban Barbecue does not have a registered trademark, but it has certain common law rights to the mark "Real Urban Barbecue" and other marks. There are currently two Real Urban Barbecue restaurants, which are both located in Illinois, and operated by BBQ Ventures, Inc. Additional locations may open at any time. BBQ Ventures, Inc. has never operated franchises in any line of business, and there are currently no plans to franchise the Real Urban Barbecue concept. Famous Dave's and its affiliates have the absolute right to develop other restaurant business concepts under other brand names, like Real Urban Barbecue, even if the locations for the concept are located within your territory.

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.

13. TRADEMARKS

Under the Franchise Agreement, Famous Dave's licenses you to operate your Restaurant under the name "Famous Dave's®" and to use certain other current and future Marks. You may only use the Marks in the manner authorized in writing by Famous Dave's. You may not use any of the Marks as part of your corporate or other name. You must also follow the instructions of Famous Dave's for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations.

The following are the primary Marks used by Famous Dave's in commerce that have been registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration No./Serial No.	Registration Date/Filing Date
	2,364,913	07/04/2000
	2,360,550	06/2020/00
FAMOUS DAVE'S	2,457,218	06/05/2001
FAMOUS DAVE'S	2,461,570	06/19/2001
	3,271,978	07/31/2007
FAMOUS DAVE'S QUICK QUE	6,720,294	05/03/2022
	6,720,293	05/03/2022

In addition to the above-referenced Marks, Famous Dave's makes use of other trademarks, service marks, tag lines, and slogans, from time to time, in which it claims intellectual property ownership. The Marks are not registered in any state. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks. The Marks are owned by Famous Dave's. There are no agreements currently in effect which significantly limit the rights of Famous Dave's to use or license the use of the Marks in any manner material to you. Famous Dave's has no actual knowledge of any prior or infringing uses that could materially affect your use of the Marks in your particular market.

You must provide Famous Dave's with written notice of any claims made against or associated with the Marks. Famous Dave's is obligated under the Franchise Agreement to protect your right to use the Marks and other related rights and to protect you against claims of infringement and unfair competition with respect to the Marks. However, if anyone establishes to the satisfaction of Famous Dave's that its rights are, for any legal reason, superior to the rights of Famous Dave's as to any of the Marks, then you must use the variances or other service marks, trademarks or trade names required by Famous Dave's to avoid a conflict with the superior rights.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Famous Dave's does not own any patents and there are no pending patent applications that are material to the franchised business. Famous Dave's has copyrighted or will copyright advertising copy and design, menu and menu designs, training videotapes, workbooks, the Manuals, and other written materials and items. Famous Dave's has not applied to the U. S. Copyright Office to register these copyrights.

You must keep confidential the Manuals, any supplements to the Manuals, and any other manuals or written materials used in your Famous Dave's[®] Restaurant. The Manuals contain information about the Restaurant System and recipes and cooking techniques developed by Famous Dave's. Famous Dave's considers this information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and to prevent any unauthorized duplication or reproduction of this information.

You should immediately inform Famous Dave's if you learn of any unauthorized use or infringement of, or challenge to, the copyrighted materials or any of the proprietary or confidential information. Famous Dave's will take the action it deems appropriate, in its sole discretion. If anyone establishes to the satisfaction of Famous Dave's that its rights to the materials are superior, then you must modify or discontinue your use of the materials as required by Famous Dave's.

15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Operating Partner is required to have at least a 20% ownership interest in the entity that is the Franchisee and participate full time in the operation of your Famous Dave's[®] Restaurant. You

and each Management Staff member you employ must successfully complete the training program. Your employees do not have to own an equity interest in your Famous Dave's® Restaurant. Your Restaurant must be open during the business hours as specified in the Manuals.

The operating company responsible for operating and managing your Famous Dave's® Restaurant, must be dedicated solely to developing and operating Famous Dave's® Restaurants, and may not hold any interest in, operate, or manage any other business without the prior written approval of Famous Dave's.

If the party entering into the Franchise Agreement with Famous Dave's is not an individual, then you must personally guarantee all of the obligations to Famous Dave's under the Franchise Agreement. You must also agree that during the term of the Agreement you will not participate in any competitive business, and that for one year after the expiration or termination of the Agreement you will not participate in any competitive business located within five miles of your Restaurant(s) or any other Famous Dave's® Restaurant or within any exclusive area granted by Famous Dave's. These covenants not to compete also apply to the Personal Guarantors and, if the Franchisee is not an individual, to the Franchisee's Owners.

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 C: Franchise Agreement: 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 C-1: Guaranty of Promissory Note and Security Agreement and Exhibit C-2: 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

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the foods, beverages, food products, clothing, services, and other items (“products and services”) specified or approved by Famous Dave’s in writing. Selling products and services that have not been specified or approved by Famous Dave’s is a material breach of the Franchise Agreement and is grounds for the termination of the Franchise Agreement. You must sell the products and services required by Famous Dave’s. Famous Dave’s can change the products and services that you must offer. There is no limitation on the right of Famous Dave’s to change the products and services offered by Famous Dave’s® Restaurants. Except as disclosed below, Famous Dave’s does not impose any restrictions or conditions that limit your access to customers, except that 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 (including all current and future forms of social media networks), catalogue, mail order, telemarketing, or any other method of sales or distribution (see Article 8 of the Franchise Agreement). Additionally, add-on ghost kitchens and cloud kitchens may only offer and sell the products and services through delivery and to-go services, and may not offer or conduct any form of dine-in services to customers at the premises of the add-on ghost kitchen or cloud kitchen.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Article in Franchise Agreement	Summary
a. Term of the Franchise	3.1	For a new or existing non-operating Famous Dave's Restaurant: (i) 10 years from the date the Restaurant opens to the public if you own the property or enter into a lease directly with the landlord or other third party where the Famous Dave's Restaurant is located; or (ii) if you enter into a sublease with one of Famous Dave's affiliates, the expiration of the term of the sublease for the franchised location, excluding any extensions or renewals. For an existing and operating Famous Dave's Restaurant: (i) 10 years from the effective date of the franchise agreement if you own the property or enter into a lease directly with the landlord or other third party where the Famous Dave's Restaurant is located; or (ii) if you enter into a sublease with one of Famous Dave's affiliates, the expiration of the term of the sublease for the franchised location, excluding any extensions or renewals.
b. Renewal or extension of the term	3.2	Right to reacquire for a period of one additional period of 10 years.
c. Requirements for you to renew or extend	3.2	You must give 210 days' notice; have complied with all material terms and conditions of your current Franchise Agreement; paid all monetary obligations owed to Famous Dave's and timely met your obligations to Famous Dave's during the term of the Franchise Agreement; agreed in writing to remodel your Franchised Location; have the right to continue to occupy the Franchised Location; you and your Management Staff have been retrained; sign the then-current standard Franchise Agreement; pay the Reacquisition Fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you must sign a new Franchise Agreement that may contain terms and conditions

Provision	Article in Franchise Agreement	Summary
		materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights.
d. Termination by you	18.1, 18.2, 18.4	If Famous Dave’s violates any material provision, term or condition of the Franchise Agreement, or fails to timely pay any material uncontested obligation due or owing to you, you may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Famous Dave’s without cause	Not Applicable	
f. Termination by Famous Dave’s with cause	17.1, 17.2, 17.4	If you breach the Franchise Agreement.
g. “Cause” defined - defaults which can be cured	17.4	You will have fourteen (14) days to cure a breach not listed in Articles 17.1 and 17.2 of the Franchise Agreement, except the lesser periods of (i) seven (7) days to cure a failure to pay any fees due to Famous Dave’s; (ii) forty-eight (48) hours to cure a failure to participate in any limited time product offering, value offering, contest, promotion or charity event; (iii) twenty-four (24) hours to cure a violation of any law, regulation, order or standards for health, sanitation or safety, or if you cease to operate the restaurant for a 48-hour period without our written consent, or if you post any defamatory or offensive comments on any website, page, post, blog or other social media site; and (iv) immediate cure (less than 24 hours) if you post any inappropriate public displays of affection, our or other confidential information or materials, violations of health or safety standards, foul or obscene language, or any images or information about any persons you did not receive prior written consent.
h. “Cause” defined - defaults which cannot be cured	17.1, 17.2	Famous Dave’s has the right (subject to applicable state law) to immediately terminate the Franchise Agreement upon notice if you: or any of your current directors, officers, or majority Owners are convicted or plead guilty to a charge of violating any law that could have a material adverse effect on the Marks and/or your Restaurant; are deemed insolvent, any involuntary petition for bankruptcy is filed against you, or you file for bankruptcy or are

Provision	Article in Franchise Agreement	Summary
		<p>adjudicated a bankrupt; make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; voluntarily or otherwise abandon the Restaurant; fail or refuse to provide the Financial Records or to produce and permit Famous Dave's to audit your Financial Records; are involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and you fail to correct the breach within 24 hours; violate any provision, term or condition of the Franchise Agreement three or more times during any 12-month period; provide any required or other financial, personal, or other information to Famous Dave's that is materially false, misleading, incomplete, or inaccurate; have not purchased or leased a site for the Franchised Location within 90 days after the date of the Franchise Agreement; have not obtained a valid license for the service of food before the Restaurant is scheduled to open; have not obtained a valid liquor license before the Restaurant is scheduled to open; or any member of the Management Staff has not completed the initial training program before opening of the Restaurant; have not opened the Restaurant by the Required Opening Date; are in an ongoing condition of financial impairment for more than 30 days which impairs your ability to fulfill the obligations of the Franchise Agreement; are evicted from the Franchised Location; have your food service license or liquor license for the Restaurant is canceled for any reason; repeatedly fails to comply with the Franchise Agreement, whether or not subsequently cured; having twice previously cured a default under the Franchise Agreement and commits the default again; or engages in trademark misuse or otherwise materially misuses or makes an unauthorized use of any of the restaurant system or commits any other act which does, or can be reasonably be expensed to, materially impair the goodwill or reputation associated with any aspect of the restaurant system.</p>

Provision	Article in Franchise Agreement	Summary
i. Your obligations on termination or non-renewal	19	You must pay what you owe under the Franchise Agreement within five days of termination; immediately return all printed materials relating to the Restaurant; cease using the Marks and the Restaurant System; alter the appearance of your Franchised Location; transfer your telephone directory listings to Famous Dave's.
j. Assignment of the contract by Famous Dave's	16.1	No restrictions on the right of Famous Dave's to assign the Franchise Agreement; the assignee is required to fully perform all obligations of Famous Dave's under the Franchise Agreement.
k. "Transfer" by you - definition	16.2, 16.3, 16.4	Includes assignment in the event of death or disability, sale of ownership interests, and assignment of rights under the Franchise Agreement.
l. Approval of Famous Dave's of a transfer by you	16.3	Famous Dave's has the right to approve any assignment made by you but will not unreasonably withhold its consent.
m. Conditions for approval by Famous Dave's of a transfer by you	16.3	You must provide Famous Dave's with 45 days written notice of the assignment; pay all money owed to Famous Dave's; agree to observe all applicable provisions of the Franchise Agreement; sign a general release between you and Famous Dave's; pay the Assignment Fee. The assignee must meet the standards established by Famous Dave's for franchisees; sign the required legal agreements between the assignee and Famous Dave's; acquire the right to occupy the Franchised Location; acquire a valid food service and liquor license; successfully complete training; completes all required remodeling and improvements and upgrading equipment and devices; agreement not to assert any security interest, lien, right or claim in the Restaurant.
n. Right of first refusal of Famous Dave's to acquire your business	20	You must offer the Restaurant to Famous Dave's if you receive a bona fide offer to purchase.
o. Option of Famous Dave's to purchase your business	20	Famous Dave's has the option to purchase at the price and terms stated in the offer.
p. Your death or disability	16.2	If you are an individual, your Franchise Agreement may be transferred to your beneficiary without paying an Assignment Fee to Famous Dave's, subject to the requirements described in "m" above.

Provision	Article in Franchise Agreement	Summary
q. Noncompetition covenants during the term of the Franchise Agreement	21.2	You may not participate in any food service business that Famous Dave's determines serves the same general range of consumer demand (regardless of menu) as a Famous Dave's® Restaurant.
r. Noncompetition covenants after the Franchise Agreement is terminated or expires	21.3	For a period of 12 months after the termination or expiration of your Franchise Agreement, you may not participate in any food service business that Famous Dave's determines serves the same general range of consumer demand (regardless of menu) as a Famous Dave's® Restaurant that is within: (i) five miles of the Franchised Location or any other Famous Dave's® Restaurant, or within any exclusive area granted by Famous Dave's; or (ii) ten miles of the Franchised Location or any other Famous Dave's® Restaurant, or within any exclusive area granted by Famous Dave's, if you operate an add-on ghost kitchen or cloud kitchen.
s. Modification of the agreement	29.2	Only by written agreement between you and Famous Dave's.
t. Integration/merger clauses	29.1	The Franchise Agreement and System standards in the Manuals are binding (subject to applicable law). Any statements or promises not in the Franchise Agreement or this Disclosure Document should not be relied upon and may not be enforceable.
u. Dispute resolution by arbitration or mediation	23	Except for certain claims, all disputes are subject to the dispute resolution provisions of Article 23.
v. Choice of forum	23 and 24	Disputes will generally be governed by the laws of the state where the franchised business is located, except where federal law applies.
w. Choice of law	23.1, 27.1, 27.2, 27.3	Governing law will be the laws of the state in which the Restaurant is located, except where federal law 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
17. Non-competition covenants during the term of the franchise	Not Applicable	None

Provision	Section in Sublease	Summary
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.

18. PUBLIC FIGURES

Famous Dave's does not currently use any public figure to promote its franchise. No public figure is involved in the management of Famous Dave's.

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 30 company-owned (excludes corporate-owned ghost kitchen outlets) and 59 franchised Famous Dave's® Restaurants (excludes franchised ghost kitchen outlets) open for the entire fiscal year in the United States.

The company-owned Famous Dave's® Restaurants included in this Item are substantially similar to franchised Famous Dave's® Restaurants, that offered line service, full service, counter service, or line service. 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	\$2,816,498
System-wide Restaurant Median Net Revenues	\$2,718,656
System-wide Number of Restaurants	89
Number Above/Below Average Net Revenues	41 / 48
Number Above/Below Median Net Revenues	44 / 45
Low/High Net Revenues	\$471,188 / \$7,459,051

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

Franchised Restaurants	Total/Average
Total Number of Franchised Restaurants	59
Average Annual Franchised Restaurant Net Revenues	\$2,919,786
Median Annual Franchised Restaurant Net Revenues	\$2,831,846
Number Above/Below the Average Annual Franchised Restaurant Net Revenues	29 / 30
Number Above/Below the Average Median Franchised Restaurant Net Revenues	29 / 30
Low/High Annual Franchised Restaurant Net Revenues	\$471,188 / \$7,459,051

**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	30
Average Restaurant Net Revenues	\$2,613,365
Median Net Revenues	\$2,439,747
Number Above/Below the Average	13 / 17
Number Above/Below the Average Median	15 / 15
Low/High Annual Franchised Restaurant Net Revenues	\$868,149 / \$4,555,262

Notes:

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

⁽¹⁾ Includes food, liquor, and merchandise sales, net of discounts for both full-service and counter company-owned and franchised Restaurants open all of fiscal 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 Famous Dave's[®] Restaurant. Furthermore, if you decide to operate a ghost-kitchen, the amounts above will likely be materially different than the results of a ghost kitchen. 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. Famous Dave's urges you to consult with your financial, business, tax, accounting and legal advisors about the information contained in this Item.

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

Other than the above financial performance representation, Famous Dave’s does not make any financial performance representations. Famous Dave’s also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Famous Dave’s may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Famous Dave’s management by contacting Legal Department, 9311 E. Via de Ventura, Scottsdale, Arizona 85258, (480) 362-4800, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
System-wide Outlet Summary
For Years 2023 to 2025**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised				
	2023	91	80	-11
	2024	80	76	-4
	2025	76	70	-6
Company - Owned				
	2023	33	32	-1
	2024	32	32	0
	2025	32	30	-2
Total Outlets (1)				
	2023	124	112	-12
	2024	112	108	-4
	2025	108	100	-8

(1) As of November 2025, 2024, and 2023

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2023 to 2025**

STATE	YEAR	NUMBER OF TRANSFERS
Minnesota		

	2023	0
	2024	0
	2025	1
Tennessee		
	2023	0
	2024	3
	2025	0
Wisconsin		
	2023	0
	2024	3
	2025	0
Totals (1)(2)		
	2023	0
	2024	6
	2025	1

Notes:

- (1) As of November 2025, 2024, and 2023.
(2) States not listed had no transfer activity to report during the relevant time period.

**Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
California								
	2023	15	0	0	0	0	2	13
	2024	13	1	0	0	0	2	12
	2025	12	0	0	0	0	0	12
Colorado								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Delaware								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Florida								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Idaho								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	1	2
Illinois								
	2023	5	0	0	0	0	1	4
	2024	4	0	0	0	1	0	3
	2025	3	0	0	0	0	0	3
Indiana								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
	2025	0	0	0	0	0	0	0
Iowa								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Kansas								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Kentucky								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Louisiana								

	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Maryland								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Michigan								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Minnesota								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	6*
Missouri								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	1	1
Montana								
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Nebraska								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Nevada								
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
North Dakota								
	2023	3	0	0	0	0	1	2

	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	1	1
Ohio								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Oregon								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
South Carolina								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
South Dakota								
	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	12	0	0	0	0	2	10
	2024	10	0	0	0	0	1	9
	2025	9	0	0	0	0	1	8
Utah								
	2023	3	0	0	0	0	2	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
Virginia								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Washington								
	2023	3	0	0	0	0	0	3

	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	2	1
Wisconsin								
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Total - US								
	2023	91	0	0	0	0	11	80
	2024	80	1	0	0	2	3	76
	2025	76	0	0	0	0	8	70

Notes:

- (1) As of November 2025, 2024, and 2023. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.
- (2) States not listed had no franchised activity to report during the relevant time period.
- (3) * Includes corporate stores sold to a franchisee

**Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
Arizona							
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3
Colorado							
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
	2025	4	0	0	0	0	4
Illinois							
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
	2025	1	0	0	0	0	1
Indiana (2)							
	2023	1	0	0	1	0	0
	2024	0	0	1	0	0	1

	2025	1	0	0	0	0	1
Iowa (2)							
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Kentucky							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Michigan							
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Minnesota							
	2023	8	0	0	0	0	8
	2024	8	0	0	1	0	7
	2025	7	0	0	0	2	5
Nebraska							
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
New Jersey							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
New York							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Ohio							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	1	0	0
Tennessee							
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3
Wisconsin							
	2023	4	0	0	0	0	4
	2024	4	0	0	1	0	3
	2025	3	1	0	0	0	4

Totals							
	2023	33	0	0	1	0	32
	2024	32	0	2	2	0	32
	2025	32	1	0	1	2	30

Notes:

- (1) As of As of November 2025, 2024, and 2023. States not listed had no corporate activity to report during the relevant time period.
- (2) During 2023, Famous Dave’s opened a ghost kitchen in this state.

**Table No. 5
Projected Openings for Upcoming Fiscal Year⁽¹⁾**

State	Franchise Agreements Signed But Not Opened (1)	Projected New Franchised Outlets in Next Fiscal Year (2)(3)	Projected New Company-Owned Outlets in Next Fiscal Year (2)
Arizona	1	1	0
California	4	2	0
Delaware	1	1	0
Florida	1	0	0
Georgia	3	1	0
Total	10	5	0

Notes:

- (1) As of November 30, 2025; these Franchise Agreements are listed in Exhibit E-1.
- (2) By November 30, 2026.
- (3) Includes the signed Franchise Agreements listed in the preceding column of this Table.

Exhibit E-1 lists the names of all of Famous Dave’s operating franchisees, as well as the addresses and telephone numbers of their Restaurants as of November 30, 2025. Exhibit E-1 also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with Famous Dave’s within 10 weeks of the issuance date of this Disclosure Document.

Exhibit E-2 lists all the Famous Dave’s[®] Restaurants owned by Famous Dave’s as of November 30, 2025.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Famous Dave's. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The Franchise Advisory Board is sponsored by Famous Dave's, but its members are nominated by franchisees. The Franchise Advisory Board can be reached at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300.

21. FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B-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 B-2: Guarantee of Performance).

22. CONTRACTS

Attached to this Franchise Disclosure Document are the following exhibits:

- Exhibit C: Franchise Agreement
- Exhibit C-1: Asset Purchase Agreement (For Sale of a Corporate Store to a Franchisee) with Promissory Note and Security Agreement and Guaranty (if applicable)
- Exhibit C-2: Sublease
- Exhibit D: Intentionally Omitted
- Exhibit F: Form of Release Agreement

23. RECEIPTS

Exhibit G to this Disclosure Document is a detachable Receipt.

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A-1: STATE-SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

THIS 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.

Item 3 is amended by the addition of the following language:

Neither Famous Dave's nor any person identified 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 19

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise 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. Section 101 and following). 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.

The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota with the costs being borne by you if Famous Dave's prevails. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

Section 31125 of the Franchise Investment Law requires Famous Dave's to give to you a disclosure document approved by the California Department of Business Oversight before Famous Dave's asks you to consider a material modification of your Franchise Agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Sections 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516.) Business and Professions Code Section 200010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

If Famous Dave's negotiates the terms of a Franchise Agreement for a Famous Dave's Restaurant in California, a copy of the Notice of Negotiated Sale of Franchise will be made available for your review upon written request to the attention of "Legal Department" at the address and telephone number of Famous Dave's disclosed on the cover page of this Franchise Disclosure Document. You will receive a copy of the Notice of Negotiated Sale of Franchise within five business days after Famous Dave's receives your written request.

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 FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

For franchises and franchisees subject to Hawaii statutes and regulations, the Famous Dave's® 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.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

For franchises and franchisees subject to Illinois statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

Your Franchise Agreement will be governed by Illinois law. Consequently, Items 17v and 17w of this Disclosure Document are revised to comply with Illinois law.

Section 4 of the Illinois Franchise Disclosure Act of 1987 provides that the provisions of the Franchise Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. However, the Franchise Agreement may provide for mediation and arbitration in Minnesota.

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

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

For franchises and franchisees subject to Indiana statutes and regulations, the Famous Dave's® 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 Famous Dave's.

Indiana Code Section 23-2-2.7-1(10) requires that litigation between an Indiana developer and Famous Dave's 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.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body:

1. 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.

2. Item 8 is supplemented by the addition of the following language:

“Famous Dave’s is the sole supplier of certain products and services associated with your Restaurant, including certain décor items, installation services and services related to the preparation of the Site Review Report. Famous Dave’s believes that the amounts you pay to Famous Dave’s for these products and services are approximate to the prevailing market prices you would pay if you obtained products and services of comparable quality from third-parties. This does not mean that Famous Dave’s offers the lowest price for such products and services; however, its experience in developing and operating company-owned Famous Dave’s® Restaurants (and in helping franchisees develop their own Restaurants) suggests that vendors that provide lower pricing for certain products and services for a single franchisee or small group of franchisees do not promote the same level of uniformity in long-term system. If Famous Dave’s is no longer able to provide these products and services, it will endeavor to provide these services to you through one or more alternate suppliers at a comparable cost.”

3. The Uniform Consent to Service of Process which Famous Dave’s must file pursuant to Section 14-216(25) of the Maryland Franchise Registration and Disclosure Law requires that Famous Dave’s be available for suit in Maryland.

4. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits Famous Dave’s from requiring you to assent to any release, estoppel or waiver of liability under the Maryland franchise statute as a condition of purchasing a franchise.

5. Nothing in this Disclosure Document will act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure 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.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
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 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

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

For franchises and franchisees subject to Minnesota statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

The third paragraph in Item 19 is deleted, and the following paragraph is inserted in its place:

The company-owned Famous Dave's® Restaurants included in this Item are substantially similar to franchised Famous Dave's® Restaurants, that offered line service, full service, counter service, or line service. See Items 5 and 6 for information on the fees you must pay under the Franchise Agreement.

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.

Famous Dave's will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given written notice 90 days before termination (with 60 days to cure) and 180 days before the non-renewal of your franchise.

Minn. Rule 2860.4400D prohibits Famous Dave's from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minn. Stat. Secs. 80C.01 to 80C.22.

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

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

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

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.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to North Dakota statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

Covenants not to compete are generally unenforceable in North Dakota, except in limited circumstances provided by law.

The North Dakota Insurance Commissioner has held that requiring you to consent to the jurisdiction of courts outside of North Dakota is unenforceable.

The North Dakota Insurance Commissioner has held that specifying the governing law of a state other than North Dakota is unenforceable. Consequently, the Franchise Agreement will be governed by the laws of the State of North Dakota.

The Franchise Agreement includes a waiver of exemplary and punitive damages, which the Commissioner has determined to be void and unenforceable as to North Dakota Franchisees.

In addition, North Dakota franchisees will be bound by the applicable statute of limitations under North Dakota law rather than the one-year contractual limitations period.

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

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

For franchises and franchisees subject to Rhode Island statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

Sec. 19-28.1-14 of the Rhode Island Franchise Investment Act provides that any provision of the Franchise Agreement which restricts jurisdiction or venue to a forum outside Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment 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.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA**

For franchises and franchisees subject to South Dakota statutes and regulations, the Famous Dave's® 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.

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

For franchises and franchisees subject to Virginia statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

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

**ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

For franchisees subject to Wisconsin statutes and regulations, the Famous Dave'[®] Franchise Disclosure Document is modified to include the following:

Item 17

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

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A-2: STATE AGENCY EXHIBIT

STATE AGENCY EXHIBIT

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Secretary of State New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Insurance Commissioner North Dakota Insurance & Securities Department	600 East Boulevard Avenue Dept. 401 Bismarck, ND 58505
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation	124 S. Euclid, Suite 104

	Division of Insurance – Securities Regulation	Pierre, SD 57501 605-773-3563
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B-1: FINANCIAL STATEMENTS

Consolidated financial statements of
MTY Franchising USA, Inc.

For the years ended November 30, 2025 and 2024

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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	21		

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.

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)

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.

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)

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.

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)

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.

MTY Franchising USA, Inc.
Notes to the consolidated financial statements

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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

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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

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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

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Notes to the consolidated financial statements

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(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

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7. Intangible assets

Cost	Franchise	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
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	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
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	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
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

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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					Total
	Property, plant and equipment	Franchise rights	Trademarks	Other	Goodwill	
	\$	\$	\$	\$	\$	\$
Reporting Unit A	176	—	—	—	—	176
Reporting Unit B	3,637	344	1,027	(110)	—	4,898
	3,813	344	1,027	(110)	—	5,074

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9. Impairment (continued)

Impairment by reporting unit for the year ended November 30, 2024:

	Intangible assets					Total
	Property, plant and equipment	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.

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10. Gift card liability

The changes in the carrying amount of the gift card liability are as follows:

	2025	2024
	\$	\$
		<i>Adjusted ⁽¹⁾</i>
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
	<u>36,520</u>

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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

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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 remainder 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
		\$	\$
			<i>Adjusted⁽¹⁾</i>
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:

<u>Principal subsidiaries</u>	<u>Percentage of equity interest</u>
	%
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 support 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	<u>28,755</u>	<u>29,461</u>
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	<u>28,755</u>	<u>29,461</u>
	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	<u>(1,921)</u>	<u>(2,277)</u>

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	Leasehold improvements		Rolling stock	Computer hardware	Land	Building	Total
	Equipment						
	\$	\$	\$	\$	\$	\$	\$
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 improvements	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 improvements	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

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(In thousands of US dollars)

8. Intangible assets

Cost	Franchise	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
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	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
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	Trademarks	Other	Total
	rights			
	\$	\$	\$	\$
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					Total
	Property, plant and equipment	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

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:

	Intangible assets			Total
	Property, plant and equipment	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
<i>(\$, except percentage data)</i>						
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
	<u>36,263</u>

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		Shares	
	Issued	\$	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.

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B-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 Famous Dave's of America, Inc., a Minnesota corporation, 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

FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C: FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
FAMOUS DAVE'S OF AMERICA, INC.

Legal Name of Franchisee

Legal Name

**FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT**

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FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made, entered into and effective as of _____ (the "Effective Date"), by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's", "Franchisor", "we" or "our"), and _____, a(n) _____ ("Franchisee", "you" or "your"). Famous Dave's and Franchisee may be referred to together herein as the "Parties." In consideration of the mutual promises and covenants set forth in this Agreement, Famous Dave's and Franchisee agree as follows:

ARTICLE 1 NATURE AND PURPOSE OF THIS AGREEMENT

1.1 Restaurant System.

Famous Dave's has developed a distinctive business system for operating and franchising authentic, down-home barbecue restaurants featuring genuine smoked barbecue including, as of the Effective Date, combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts and other high-quality Foods, Beverages, and Products in a distinctive atmosphere under the name "Famous Dave's®" and associated with the Marks, copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, recipes, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, technology, training, advertising, and instructions promulgated by Famous Dave's (the "Restaurant System"), and has extensively publicized the name "Famous Dave's®" to the public as an organization of restaurant businesses operating under the Restaurant System. During the Term: (a) the Restaurant System may be modified by Famous Dave's in the exercise of its business judgment; and (b) regional or local variations in the Restaurant System, tests of potential new menu items or products and introduction of menu items or products in stages over time may all be authorized by Famous Dave's in the exercise of its business judgment in order to enhance the marketing, consumer acceptance, competitive position, compliance obligations, and other objectives intended to facilitate operations over the Term.

1.2 Marks.

Famous Dave's has the right and authority to license the use of the name "Famous Dave's®" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Famous Dave's in writing which are now owned or which will be developed by Famous Dave's (the "Marks") for use in connection with the Restaurant System to selected persons, businesses or Entities who will comply with the uniformity requirements and quality standards of Famous Dave's. Famous Dave's intends, in the exercise of its business judgment, to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages, and Products marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service to the public.

1.3 Franchisee's Objective.

Franchisee desires to develop, own and operate a Famous Dave's® Restaurant (the "Famous Dave's® Restaurant" or the "Restaurant") in conformity with the Restaurant System, Famous Dave's uniformity requirements applicable to the Restaurant, and quality standards as established and promulgated from time to time by Famous Dave's, and all other provisions of this Agreement. In determining whether or not to enter into this Agreement, Franchisee has had the opportunity to consult with legal counsel and other advisors selected by Franchisee, as well as Famous Dave's Franchise Disclosure Document.

1.4 Restaurant Type.

It is understood and agreed that the Restaurant authorized by this Agreement will be as checked and initialed below (check only one):

- Full Service
- Counter Service
- Line Service
- Flex Service
- Cloud Kitchen (*Parties must also execute the Cloud Kitchen Addendum attached as Exhibit D*)
- Add-on Ghost Kitchen (*Parties must also execute the Add-On Ghost Kitchen Addendum attached as Exhibit E*)

Franchisee

Famous Dave's

The Famous Dave's® Restaurant designed, constructed or remodeled and operated pursuant to this Agreement will serve the Foods, Beverages, and Products to its customers in compliance with the Restaurant System for the Restaurant type indicated above in this provision.

1.5 Operations in Conformity with Agreement; Relationship of the Parties.

(a) Without limiting the effect of any of the specific provisions of this Agreement, Franchisee understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness, service and other aspects of the Restaurant System established and from time to time revised by Famous Dave's, and the necessity of operating Franchisee's Restaurant in strict conformity with the mandatory standards and specifications (as opposed to voluntary standards and best practices) established and from time to time revised by Famous Dave's, all of which is the foundation for this Agreement.

(b) Within the framework established, Franchisee is totally and solely responsible for the operation of its Famous Dave's® Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee, including the right to hire and fire its employees. Franchisee is responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Famous Dave's has no right, obligation or responsibility to control, supervise or manage Franchisee's employees, agents or independent contractors, and will in no way be involved in the day-to-day operations of Franchisee's Restaurant, irrespective of the use by Franchisee of any tools, hardware or software that would enable such control, supervision or management by Famous Dave's.

(c) Franchisee understands and acknowledges that this Agreement does not create a fiduciary relationship with Famous Dave's, that Famous Dave's and Franchisee are each independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of Famous Dave's or represent that their relationship is other than that of franchisor and franchisee, and will affirmatively advise its employees, agents and contractors of that fact. Neither Famous Dave's nor Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. Franchisee agrees to indemnify, defend (with attorneys reasonably acceptable to Famous Dave's), and hold harmless Famous Dave's against any losses, expenses, debts, or liabilities arising from Franchisee's breach of this provision.

(d) Famous Dave's is not the employer, co-employer, or joint employer of Franchisee or any of Franchisee's employees. Franchisee will control and be solely responsible for the day-to-day operations of

the Restaurant and the terms and conditions and employment of Franchisee's personnel. Franchisee will be solely responsible for all employment decisions and functions of the Restaurant including, without limitation, those related to soliciting, hiring, firing, training, disciplining, paying, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, managing and supervising its employees, regardless of whether Franchisee receives information from Famous Dave's on these subjects. Franchisee acknowledges and agrees that all personnel decisions will be made by Franchisee, without any influence or advice from Famous Dave's, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Famous Dave's. Franchisee acknowledges and agrees that all employees of its Restaurant are the exclusive employees of Franchisee and will not be employees of Famous Dave's nor joint or co-employees of Franchisee and Famous Dave's. .

(e) Franchisee will identify itself in all dealings with customers, vendors, public officials, employees, and others as the owner of the Restaurant under a franchise granted by Famous Dave's. Should it ever be asserted that Famous Dave's is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration, or other setting, Franchisee irrevocably agrees to assist Famous Dave's in defending said allegation, including (if necessary) appearing at any venue requested by Famous Dave's to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Famous Dave's is the employer, joint employer or co-employer of any of Franchisee's employees).

1.6 Disclosure, Review and Advice of Counsel.

(a) Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed prior to the date that this Agreement was executed by Franchisee. Franchisee further acknowledges that it received a copy of Famous Dave's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed, or as required by law.

(b) Franchisee acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon Franchisee. Franchisee has been advised by Famous Dave's to retain an attorney or advisor prior to the execution of this Agreement to review Famous Dave's Franchise Disclosure Document, to review in detail this Agreement, including its exhibits and attachments, to review all legal documents, including the Lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the Famous Dave's® Restaurant, to determine compliance with applicable laws, to advise Franchisee on economic risks, liabilities, obligations and rights under this Agreement, and to advise Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other legal and business matters, and that Franchisee has in fact had an opportunity to consult with legal counsel, and to review this Agreement (including, but not limited to, the fact that this Agreement contains capitalized terms which are further defined in Article 28 of this Agreement) and all exhibits and related documents in detail.

ARTICLE 2 GRANT OF FRANCHISE

2.1 Franchise Grant and Location.

Famous Dave's hereby grants Franchisee the personal right to operate one Famous Dave's® Restaurant in conformity with the Restaurant System using the name "Famous Dave's®" and other specified Marks at the Franchised Location set forth and described in Exhibit A. Franchisee and Famous Dave's agree that, except as expressly granted to Franchisee in this Article 2, all rights respecting territory (if applicable) and venues and/or types of operation, are outside the scope of this Agreement and will remain and be retained by Famous Dave's. Rights granted to Franchisee in this Article 2 are strictly limited to those expressly granted and may not be enlarged or modified by interpretation, implication or any other process. Franchisee has no right to franchise, sub-franchise, license, or sublicense its rights under this Agreement, or any part

thereof. Franchisee will not have the right to Assign this Agreement or its rights under this Agreement in whole or in part, or to Assign the income stream from the operation of the Restaurant, except as specifically provided for in this Agreement. Notwithstanding the foregoing, you acknowledge that the *Famous Dave's* 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 *Famous Dave's* restaurant or any other business using the Proprietary Marks, the *Famous Dave's* 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 *Famous Dave's* 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 *Famous Dave's* restaurants; and (iv) to take any other action that we are not expressly prohibited from taking under this Agreement.

2.2 Territory (if applicable).

Subject to the limitations of this Article 2, Franchisee will operate the Restaurant only at the Franchised Location set forth in Exhibit A to this Agreement. In the event the authorized Restaurant type outlined in Article 1.4 of the Agreement includes a Cloud Kitchen and/or Add-On Ghost Kitchen, Franchisee may also operate the Restaurant within the territory set forth in Exhibit A to this Agreement. Franchisee's territory, if applicable, consists of an area around the Franchised Location, the specific size of which has been determined by Famous Dave's in the exercise of its reasonable business judgment. The territory may be expressed with reference to roadways, to natural and/or man-made landmarks, or such other identifiers as Famous Dave's determines. By its signature to this Agreement, Franchisee accepts such determination.

2.3 Limited Exclusivity.

(a) The Famous Dave's® Restaurant granted under this Agreement is non-exclusive. Notwithstanding the foregoing, Famous Dave's will not Develop a Famous Dave's® Restaurant location with a territory that intersects with or is located within Franchisee's territory, if applicable in our sole discretion. No other type of franchisee exclusivity is intended.

(b) Famous Dave's and its licensees, appointees, designated developers, franchisees and agents have the absolute and exclusive right to advertise, promote, and sell all of the Foods, Beverages, and Products associated with the Restaurant System at special promotions conducted within or outside of the territory, if applicable, including, without limitation, fund-raising and charitable events, and events conducted at exhibitions, any state fair, any county fair, or a community-wide event sponsored by a state or local government (in a metropolitan area with a population in excess of 300,000 people).

(c) Famous Dave's has the absolute and exclusive right to (i) Develop other restaurant business concepts of any kind under other brand names anywhere, even if the locations for the concepts are within the territory, if applicable; (ii) Develop Famous Dave's® Restaurants in the territory, if applicable, if they are located at or within an airport, a train station or other mass transit facility, a theme or entertainment park, a stadium or arena or other venue for semi-professional or professional sports, a military installation, within the boundaries of an Indian reservation, a school, college, university, or hospital, or at other similar venues that Famous Dave's determines, in the exercise of its reasonable business judgment, to be entirely or in principal part "captive markets"; and (iii) Develop other food service businesses using the Marks, menu items and Restaurant System concepts anywhere, even in the territory, if applicable, so long as they are not Famous Dave's® Restaurants of the sizes, types and character described in Article 1.4 above.

(d) Famous Dave's has the absolute and exclusive right to, market, distribute, and sell or license for sale, on a wholesale or retail basis, seasonings, sauces, food products including beans, meats, poultry and fish (in cooked or uncooked form), biscuit and muffin mixes, music (on compact discs or in other media), clothing, or any other food products or other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing, or by any other marketing or distribution method, even if such sales are made to customers, distributors, or retailers or ultimate consumers who are located in the territory, if applicable.

(e) Notwithstanding the foregoing provisions of this Article 2.3, Franchisee has the right to participate in special promotions conducted within the territory, if applicable, including, without limitation, "Ribfests," and cooking, recipe or restaurant competitions. Should the venue for such events be outside the territory, if applicable, but not in the territory of another Famous Dave's® franchisee, Franchisee may be authorized to participate in such events after written application to and the approval of Famous Dave's, on such terms and conditions as Famous Dave's determines to be appropriate.

2.4 Personal Guarantors.

If Franchisee is an Entity, then all Owners of Franchisee (and, if married, such Owners' spouses), must sign the Personal Guaranty attached to this Agreement.

2.5 Operating Partner.

When Franchisee signs this Agreement, Franchisee will designate in writing the individual who will serve as Franchisee's Operating Partner. If Franchisee is an individual, then the Operating Partner will be Franchisee. If Franchisee is an Entity, the designated Operating Partner must have at least five years of restaurant management experience, as may be further described in the Standard Operating Procedure/Training Manual(s). The Operating Partner will also, during the entire period he or she serves as the Operating Partner: (a) maintain, at all times, an Ownership Interest in Franchisee of at least 20% of the issued and outstanding Ownership Interests in Franchisee; (b) execute the Personal Guaranty of this Agreement in the form attached hereto and execute this Agreement as one of the Owners of Franchisee; and (c) devote his or her full time and best efforts to the supervision, conduct and operations of Franchisee's Restaurant. The Operating Partner must attend and pass Famous Dave's then-current training program, at Franchisee's cost and expense, before participating in the management and operation of the Restaurant. If during the term of this Agreement, the Operating Partner is not able to or is not qualified to continue to serve in the capacity of Operating Partner, then Franchisee will promptly notify Famous Dave's in writing and will designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity.

2.6 Multi-Unit Manager.

If this Agreement has been executed pursuant to an Area Development Agreement that requires the development of six or more Famous Dave's® Restaurants, then the Operating Partner need not satisfy the full-time requirement set forth in Article 2.5(c) above if Franchisee (or the Affiliate of Franchisee that executed the Area Development Agreement pursuant to which this Agreement was executed) employs an additional individual who devotes his or her full time and best efforts to the operation of the Restaurant and the other Famous Dave's® Restaurants developed pursuant to the Area Development Agreement (the "Multi-Unit Manager"). The Multi-Unit Manager must have at least five years of multi-unit restaurant management experience and operations experience, as may be further described in the Standard Operating Procedure/Training Manual(s). If during the term of this Agreement, the Multi-Unit Manager is unable to continue to serve in such position, then Franchisee will notify Famous Dave's in writing and will designate a new Multi-Unit Manager within 30 days after the former Multi-Unit Manager ceases to serve in such capacity. All Multi-Unit Managers must attend and pass Famous Dave's then-current training program, at Franchisee's (or its Affiliate's) cost and expense, before assuming his or her duties as the Multi-Unit Manager.

2.7 Undetermined Franchised Location.

At such time as the specific address of the Franchised Location is determined, its street address, city, state, and the territory of the Franchised Location, if applicable, will be inserted into Exhibit A and signed by the Parties, and Exhibit A, as completed, will amend this Agreement.

2.8 Required Opening Date.

(a) Franchisee will, at its sole expense, cause Franchisee's Restaurant to be open and operating in compliance with Famous Dave's standards and specifications on or before the required opening date ("Required Opening Date"). Time is of the essence and Franchisee's failure to open the Restaurant by the Required Opening Date is a material breach of this Agreement, entitling Famous Dave's to exercise all rights with respect thereto, including termination.

(b) Notwithstanding the foregoing, (i) if the failure to open before the Required Opening Date is due to fire or other casualty or act of God, Famous Dave's may, in the exercise of its reasonable business judgment, extend the Required Opening Date in writing for up to twelve (12) months after the date of the event of casualty; and (ii) if Franchisee will not be able to meet the deadline, Franchisee may obtain one (1) 60-day extension of the Required Opening Date, upon giving written notice to Famous Dave's before the Required Opening Date, describing and certifying to the circumstances qualifying for an extension. No rights to any further extensions are contemplated by Famous Dave's or Franchisee. In the event Famous Dave's decides to offer a further extension, such extension will be based on Famous Dave's sole judgment on such terms and conditions as Famous Dave's may then determine, and shall be expressed in a written extension signed by both Famous Dave's and Franchisee.

ARTICLE 3 TERM OF AGREEMENT

3.1 Term.

This Agreement will commence on the Effective Date and continue as set forth in either *Section 3.1a.* or *3.1b.* below ("Term").

(a) If Franchisee is purchasing a new or existing non-operating Famous Dave's® Restaurant, the Term will expire on either: (1) the ten (10) year anniversary of the date Franchisee opens this Famous Dave's® Restaurant to the public if Franchisee owns the property where this Famous Dave's® Restaurant is located or if Franchisee enters into a lease directly with the landlord or other third-party for the property where this Famous Dave's® Restaurant is located; or (2) if Franchisee has entered into a sublease with one of Famous Dave's affiliates, the expiration of the term of the sublease for the Franchised Location excluding any

extensions or renewal options, unless terminated earlier in accordance with *Article 17* or any other provisions of this Agreement, reacquired in accordance with *Article 3.2*, or assigned in accordance with *Article 16*; or

(b) If Franchisee is purchasing an existing and operating Famous Dave's® Restaurant, the Term will expire on either: (1) the ten (10) year anniversary of the Effective Date if Franchisee owns the property where this Famous Dave's® Restaurant is located or if Franchisee enters into a lease directly with the landlord or other third-party for the property where this Famous Dave's® Restaurant is located; or (2) if Franchisee has entered into a sublease with one of Famous Dave's affiliates, the expiration of the term of the sublease for the Franchised Location excluding any extensions or renewal options, unless terminated earlier in accordance with *Article 17* or any other provisions of this Agreement, reacquired in accordance with *Article 3.2*, or assigned in accordance with *Article 16*.

3.2 Franchisee's Option to Reacquire Franchise.

(a) At the end of the Term, Franchisee has the right to reacquire the Franchise for the Franchised Location for one additional 10-year term, provided that Franchisee has timely complied with all terms and conditions of this Agreement including the timely payment of all Royalty Fees and other fees due, and provided that: (i) Franchisee has given Famous Dave's written notice at least 210 days prior to the end of the Term of its intention to reacquire the Franchise for the Franchised Location; (ii) all monetary obligations owed by Franchisee to Famous Dave's have been paid or satisfied prior to the end of the Term; (iii) Franchisee has agreed, in writing, to make the reasonable capital expenditures necessary to remodel the Franchised Location to comply with the then-current Famous Dave's® image, décor and specifications; (iv) Franchisee either owns or has the right to lease the Franchised Location for a term that coincides with the additional 10-year term; (v) Franchisee and its employees have completed the required training designated by Famous Dave's; (vi) Franchisee and its Owners execute a release in a form satisfactory to Famous Dave's releasing and discharging Famous Dave's and its directors, officers, Affiliates, successors and assigns from and against all claims and demands which Franchisee may have against Famous Dave's and the other released parties; and (vii) Franchisee executes Famous Dave's then-current standard franchise agreement, provided that Franchisee will pay Famous Dave's a Reacquisition Fee equal to 50% of the then-current initial franchise fee specified in the then-current standard franchise agreement in lieu of the Initial Fee thereunder, and that there will be no further right or option to reacquire the Franchise or further extend the term of such franchise agreement. The terms, conditions and economics of future franchise agreements may vary substantially in substance and form from this Agreement. Franchisee will pay Royalty Fees and all other fees at the rates specified in the then-current standard franchise agreement.

(b) Any reacquisition of the Franchise shall not be effective unless and until Franchisee executes Famous Dave's then-current standard franchise agreement (modified to reflect that the Reacquisition Fee and the fact that the franchise agreement is for a 10-year renewal term only) at least 30 days before the expiration of the original Term.

ARTICLE 4 INITIAL FEE, ROYALTY FEE AND REPORTS

4.1 Initial Fee.

Franchisee will pay Famous Dave's a non-refundable Initial Fee of \$35,000 at the time this Agreement is signed by Franchisee and Famous Dave's.

4.2 Weekly Revenue Reports and Royalty Fee Payments.

(a) Franchisee will pay Famous Dave's a Royalty Fee equal to 5% of the Revenues received by Franchisee with respect to its activity during the entire Term of this Agreement. Franchisee's obligation to pay Royalty Fees pursuant to the terms of this Agreement are absolute and unconditional, and remain in full force and effect for the entire Term of this Agreement.

(b) Franchisee will maintain an accurate written record of the daily and weekly Revenues for Franchisee's Famous Dave's® Restaurant. Revenue Reports of the Restaurant's Revenues for the previous week (Monday to Sunday) will be required on a weekly basis. The weekly Revenue Reports will be electronically transmitted to Famous Dave's by Franchisee by 12:00 noon, Central Time on Tuesday of each week for the previous week or retrieved by Famous Dave's from Franchisee's electronic cash registers or computers anytime after 12:00 noon Central Time on Tuesday of each week for the previous week. All Revenue Reports for the Restaurant will align to the Famous Dave's fiscal calendar and will be in the form specified by Famous Dave's.

(c) Royalty Fees will be paid to Famous Dave's by electronic transfer, using such methods and technologies for effecting payment as Famous Dave's may specify. Such methods may be modified from time to time by Famous Dave's in writing, as it solely determines, in order to reflect improvements and new technologies available for fund reporting and transfer. Franchisee agrees to adopt and install any equipment needed to implement such changes and enter into any and all agreements required in connection therewith. In all cases, the Royalty Fee is payable by Franchisee each Tuesday with respect to the previous week's Revenues, unless that day is a non-business day, in which case the Royalty Fee is payable to Famous Dave's on the next business day.

(d) As of the Effective Date, Famous Dave's draws payments due to it using electronic transfer from Franchisee's bank. Accordingly, in conjunction with the execution of this Agreement, Franchisee must sign Famous Dave's electronic transfer of funds authorization form, a sample form of which is attached as Exhibit B, authorizing and directing Franchisee's bank or financial institution to transfer, electronically, direct to Famous Dave's account and to charge Franchisee's account all amounts owed to Famous Dave's under this Agreement when due, except in the event that Famous Dave's notifies Franchisee that certain amounts need not be paid via electronic transfer of funds. Franchisee must at all times maintain a balance in its account sufficient to allow Famous Dave's to collect the amount owed when due. Franchisee is responsible for any penalties, fines, or other similar expenses associated with the transfer of funds described in this provision, including without limitation a Fifty Dollar (\$50) fee, subject to applicable state law, for each electronic funds transfer attempted from Franchisee's account that is returned for non-sufficient funds.

4.3 Access to Information.

Franchisee will, at its expense, install and maintain equipment to permit Famous Dave's to access and retrieve over telephone lines, the Internet or other forms of telecommunication all information Famous Dave's is entitled to obtain from Franchisee under this Agreement, including all information which is stored on Franchisee's electronic cash registers and computers and the Revenue Reports for the Restaurant as provided for in Article 4.2(b) of this Agreement. Franchisee will install and utilize at the Franchised Location (i) the equipment and software specified in the Standard Operating Procedure/Training Manual(s) to permit Famous Dave's to electronically inspect, monitor and retrieve at any time all information concerning Franchisee's Restaurant, Revenues and other information contained in Franchisee's electronic cash registers and point-of-sale computers, and (ii) the telephone line, modem, Internet connection or other electronic communication portal required to permit Famous Dave's to access Franchisee's electronic cash registers and point-of-sale computers by telephone or the Internet at all of the times specified in the Standard Operating Procedures/Training Manual(s). Franchisee agrees and acknowledges that Famous Dave's has the right to access and retrieve all information concerning Franchisee and the Restaurant that is stored on Franchisee's electronic cash registers and computers.

4.4 Interest on Unpaid Fees; No Right of Offset; Breaching Royalties.

If Franchisee fails to timely remit any fees or other amounts due to Famous Dave's, then the amount of the past due fees will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or 18% simple interest per annum. Franchisee will, on the date invoiced, immediately reimburse Famous Dave's for any and all costs incurred by Famous Dave's in the collection of any past due payments, including attorneys' fees and costs. Franchisee has not "right of offset" and, as a consequence, Franchisee

must timely pay any and all fees due to Famous Dave's under this Agreement regardless of any claims or allegations Franchisee may allege against Famous Dave's.

Famous Dave's has the absolute right to charge Franchisee the greater of: three (3) times the fixed Royalty Fee; or, if on a percentage Royalty Fee, the Royalty Fee will be increased up to eighteen percent (18%) of Revenues, with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement. The Royalty Fees paid or owing to Famous Dave's 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.

ARTICLE 5 MARKETING FUND AND LOCAL ADVERTISING

5.1 Marketing Fund Fees.

In addition to all amounts payable to Famous Dave's by Franchisee pursuant to this Agreement, each Tuesday Franchisee will pay Famous Dave's a Marketing Fund Fee (the "Marketing Fund Fees") equal to a specified percentage of the Revenues generated by Franchisee's Famous Dave's® Restaurant for the preceding week, unless that day is a non-business day, in which case the Marketing Fund Fee is payable to Famous Dave's 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 Famous Dave's. The Marketing Fund Fee amount that Franchisee must pay pursuant to this Article 5.1 is an amount equal to 1% of the Restaurant's weekly Revenues. Famous Dave's reserves the right to increase this percentage upon 60 days prior written notice to Franchisee; provided however, that Famous Dave's may not increase the Marketing Fund Fee by more than ½% in any 12-month period.

5.2 Use of Marketing Fund Fees.

(a) Famous Dave's will determine when, how and where the Marketing Fund Fees and other payments will be deposited into the Fund and how the Fund will be spent in the exercise of its reasonable business judgment. This includes, without limitation, the right of Famous Dave's to purchase and pay for product and market research, market strategy, production development, production of point-of-purchase materials, ads, brochures, radio and television commercial production costs, services provided by advertising agencies, maintaining sales and marketing staff and related expenses (including reasonable salaries, administrative costs, travel expenses, overhead and similar expenses Famous Dave's may incur in activities related to the administration of the Marketing Fund), in-store advertising, signs, public relations, telemarketing, direct mail advertising, promotional programs, advertising market research, brand development, online media, graphics and design costs, creation and maintenance of a website for the Restaurant System, Internet costs, miscellaneous advertising costs, expenditures for items, materials and services provided by third parties, the costs incurred in administering the Marketing Fund, other costs and expenses as Famous Dave's deems appropriate and in the best interests of all Famous Dave's® Restaurants and the Restaurant System, and for local, regional, national and/or Restaurant System wide promotional programs and advertising. All costs for the administration of the Fund, collection costs and office supplies will be paid from the Fund (including attorneys' fees paid in collecting past due Marketing Fund Fees or in addressing disputes of any kind involving the Fund and its expenditures).

(b) Franchisee and Famous Dave's agree that the Fund is not a trust or escrow account, and Famous Dave's does not have any fiduciary obligations regarding the Fund. Famous Dave's is not required to spend the Marketing Fund Fees in any particular geographic or DMA market and has no obligation to spend the Marketing Fund Fees in Franchisee's market area in proportion to the Marketing Fund Fees paid by Franchisee. Famous Dave's is not required to spend the Marketing Fund Fees in the calendar year in which the payments were made. Payments to the Fund not spent in the calendar year in which they were paid and

the interest accrued will remain in the Fund to be used at a later date. A summary showing the income to the Fund and the expenditures made from the Fund during each calendar year will, upon written request, be provided to Franchisee on a confidential basis no more frequently than once per year.

5.3 Local Marketing and Advertising.

Beginning with the calendar quarter that the Restaurant opens, Franchisee will, each calendar quarter, spend a minimum of 1.5% of its Revenues on approved local marketing and advertising for its Restaurant (as specified in the Standard Operating Procedures/Training Manual(s)). Each calendar year during the Term, Franchisee's cumulative quarterly expenditures on approved local advertising must total at least 1.5% of Franchisee's Revenues for the calendar year. If Franchisee spends less than 1.5% of its Revenues for approved local advertising in any calendar quarter or less than 1.5% of its Revenues for approved local advertising during any calendar year, then Franchisee will deposit with Famous Dave's the difference between the amount Franchisee was required to spend and the amount actually spent by Franchisee. Famous Dave's will have the right to spend all of the funds deposited by Franchisee under this provision for advertising and promotion in Franchisee's DMA in the manner deemed appropriate by Famous Dave's. Franchisee will not conduct any advertising and/or promotion programs for its Restaurant, except those permitted by the Standard Operating Procedures/Training Manual(s) or otherwise provided by Famous Dave's, without the prior written approval of Famous Dave's. Franchisee will not permit any party to advertise its business, services, or products on the premises of or in connection with Franchisee's Restaurant, or in a manner that suggests any association with Franchisee's Restaurant.

5.4 Multiple Restaurants.

If Franchisee (or any affiliated Entity or individual) operates more than one Famous Dave's® Restaurant pursuant to a franchise agreement with Famous Dave's, then Franchisee may spend up to 50% of the amount required to be spent on approved local advertising for any Restaurant on approved local advertising for any other Restaurant owned and operated by Franchisee (or any affiliated Entity or individual); provided however, that in no event will Franchisee spend less than 1.5% of the aggregate Revenues from all of its Restaurants on approved local advertising per calendar quarter or per calendar year. If Franchisee spends less than 1.5% of the aggregate Revenues from all of its Restaurants on approved local advertising during any calendar quarter or calendar year, then Franchisee will deposit with Famous Dave's the difference between the amount Franchisee was required to spend and the amount actually spent by Franchisee. Famous Dave's will have the right to spend all of the funds deposited by Franchisee under this provision for advertising and promotion in any of Franchisee's DMAs in the manner deemed appropriate by Famous Dave's in its sole and absolute discretion.

5.5 Reports of Local Advertising.

Within 30 days after the end of each calendar quarter, Franchisee will, in the prescribed form, furnish Famous Dave's with an accurate accounting of Franchisee's expenditures for local advertising for the previous calendar quarter.

5.6 Local Advertising Association.

If two or more independently owned or controlled Famous Dave's® Restaurants, including Franchisee's Restaurant, are opened in Franchisee's DMA (or other market area designated by Famous Dave's), Famous Dave's may require that Franchisee become a "Member" of and participate in a local advertising group (the "Local Advertising Association" or the "LAA") which will conduct and administer media advertising, promotion, marketing and public relations for the benefit of the Famous Dave's® Restaurants located in the DMA, subject to the terms and conditions set forth in the Standard Operating Procedures/Training Manual(s). If Franchisee is a member of an LAA, Franchisee will contribute Local Advertising Fees equal to 1.5% of its weekly Revenues to the LAA by each Tuesday with respect to the previous week's Revenues, unless that day is a non-business day, in which case the Local Advertising Fee is payable on the next

business day. The weekly Local Advertising Fees paid by Franchisee to the LAA will meet the local advertising requirement set forth in Article 5.3 of this Agreement.

5.7 Grand Opening Celebration.

Famous Dave's 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 (a) \$15,000 (or such other greater amount determined by Famous Dave's, in its sole and absolute discretion, and specified in writing by Famous Dave's) on the grand opening celebration for Franchisee's Restaurant if the Restaurant is Franchisee's first Restaurant in the market area (as determined by Famous Dave's), or (b) \$10,000 if when Franchisee executes this Agreement, Franchisee already owns and operates at least one other Famous Dave's® Restaurant in the same market area as the Restaurant. The grand opening expenditures can be applied toward the local advertising requirements set forth in Article 5.3 of this Agreement. Famous Dave's reserves the right to request written documentation from Franchisee sufficient to establish to Famous Dave's satisfaction that such expenditures were actually made by Franchisee. Such documentation will be provided to Famous Dave's within 15 days after Famous Dave's request.

ARTICLE 6 FINANCIAL STATEMENTS

6.1 Financial Statements.

Franchisee will, at its expense, prepare monthly, quarterly and year-to-date Financial Statements and will deliver those Financial Statements to Famous Dave's within 30 days after the end of each period. Franchisee will also prepare annual Financial Statements that will be delivered to Famous Dave's no later than 21 days after the end of Franchisee's fiscal year. All Financial Statements will be in the form prescribed by Famous Dave's. The Financial Statements must be verified by an officer or Owner of Franchisee as to accuracy and completeness. All financial information provided to Famous Dave's by or on behalf of Franchisee may be used or disclosed by Famous Dave's for any purpose it deems necessary including, but not limited to, in the marketing of franchises and/or preparing financial performance information.

6.2 Sales and Income Tax Returns.

Within three business days after receipt of a written request, Franchisee will furnish Famous Dave's with complete signed copies of all sales tax returns and income tax returns for Franchisee's Restaurant for the fiscal years or other periods requested.

6.3 Audit Rights.

Within three business days after receiving written notice from Famous Dave's, Franchisee and Franchisee's accountants will make all of their Financial Records available during regular business hours for Famous Dave's or its designees to review, copy, and audit. The Financial Records for each fiscal year will be maintained by Franchisee in a safe place for each of the last five fiscal years. The audit will be conducted at the location where Franchisee maintains the Financial Records. Franchisee will provide adequate facilities to enable Famous Dave's or its designee to conduct the audit.

6.4 Payment of Audit Costs.

If an audit of Franchisee's Financial Records reveals any deficiencies in the Royalty Fees, Marketing Fund Fees or any other fees payable to Famous Dave's under this Agreement, then Franchisee will, within five days after receipt of an invoice, pay to Famous Dave's any deficiency owed, together with interest as provided for herein. In addition, if an audit establishes that Franchisee's Revenues were understated by more than 2% in any reporting period, then Franchisee will, within 15 days after receipt of an invoice, pay Famous Dave's for all costs and expenses incurred for the audit of Franchisee's Financial Records (including employee salaries, Travel Expenses, and audit fees).

ARTICLE 7
STANDARDS AND OTHER FRANCHISEE OBLIGATIONS

7.1 Compliance with Standards.

(a) Franchisee will use the Marks and the Restaurant System in strict compliance with the mandatory moral and ethical standards, quality standards, health standards, operating procedures, data security standards, and other specifications, requirements and instructions required by Famous Dave's.

(b) It is understood and agreed that the mandatory standards established by this Agreement including, but not limited to, the inspection and audit rights provided in this Agreement, and the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s) are reasonable means by which Famous Dave's seeks to create a uniform customer experience and to avoid and prevent conduct which is likely to impair the value of and the goodwill associated with the Marks and the Restaurant System being licensed under this Agreement, and do not reflect any right or effort by Famous Dave's to control the day-to-day operation of the Restaurant or the business prerogatives of Franchisee. Franchisee agrees to comply with all mandatory provisions of Famous Dave's Standard Operating Procedures/Training Manual(s), as they may be revised from time to time by Famous Dave's in the exercise of its business judgment; provided, however, that those portions of such Manuals that are expressly designated as recommendations are not intended to limit or control the business prerogatives of Franchisee.

(c) Franchisee understands and acknowledges that over the Term it may be appropriate for Famous Dave's, in the exercise of its business judgment, to adopt standards and business principles needed to maintain the reputation, legal status or competitive position of the Marks and the Restaurant System and to reflect such details in Famous Dave's Standard Operating Procedures/Training Manual(s). To the extent such Manuals, as they may be amended from time to time, conflict with the provisions of this Article 7, the provisions of the Manuals then in effect shall control. Franchisee further understands and acknowledges that due to local circumstances, Famous Dave's may occasionally adopt different standards and business principles to apply to different market areas or types of Famous Dave's® Restaurants.

(d) Franchisee agrees to participate, at its expense, in any quality assurance monitoring programs Famous Dave's specifies, including telephonic or electronic customer polling or onsite "secret shopper" programs, and Franchisee agrees to share the results of such programs with Famous Dave's. Franchisee agrees to participate in all required customer surveys and satisfaction audits, which may require Franchisee to provide discounted or complimentary foods, products and services, provided that such discounted or complimentary sales will not be included in the Revenues of Franchisee's Restaurant. Additionally, Franchisee agrees to participate in any customer complaint resolution and other programs that Famous Dave's may reasonably establish for the Restaurant System, which programs may include, without limitation, providing discounts or refunds to customers.

7.2 Quality and Service Standards; Business Efforts of Franchisee and Owners.

(a) Famous Dave's has developed and will continue to develop uniform standards of quality, cleanliness and service regarding the business operations of Franchisee's Restaurant to protect and maintain (for the benefit of Famous Dave's and all of its franchisees) the distinction, valuable goodwill, and uniformity represented and symbolized by the Marks and the Restaurant System. Franchisee agrees to maintain the uniformity and quality standards required by Famous Dave's for all foods, products, and services associated with the Marks and the Restaurant System and agrees to the terms and conditions contained in this Article to assure the public that all Famous Dave's® Restaurants will be uniform in nature and will sell and dispense quality foods, products, and services, except to the extent any variations from such standards have been expressly permitted by Famous Dave's.

(b) Franchisee understands and acknowledges that maintenance of required quality and service standards requires continuous personal effort by Franchisee and its senior management and that, during the Term, Franchisee, the Owners and the Personal Guarantors acknowledge that Franchisee, its partners or officers,

and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipes, cooking and food preparation information, and trade secrets from Famous Dave's pertaining to the Restaurant System and the operation of the Famous Dave's® Restaurant. Franchisee, the Owners and the Personal Guarantors each warrant and represents that they do not own, operate or have any involvement with or interest in any enterprise whose sales of barbecue or barbecue-style food products constitute 15% or more of that enterprise's gross annual sales (a "Competitive Business") that has not been disclosed in writing to Famous Dave's before the Effective Date. Accordingly, Franchisee, the Owners and the Personal Guarantors each agree that except as Famous Dave's may authorize in writing in the exercise of its sole and absolute judgment, during the Term, the food-related business efforts of Franchisee, the Owners and the Personal Guarantors will be devoted to the operation of Franchisee's Restaurant and any other Famous Dave's® Restaurants operated by Franchisee or its Affiliates, to the exclusion of any Competitive Business. Notwithstanding the foregoing terms of this Article 7.2(b) and the terms of Article 21.2: (i) Famous Dave's may, in the exercise of its sole judgment, on such conditions as Famous Dave's determines, give written consent to existing Competitive Businesses owned and operated by Franchisee, the Owners and the Personal Guarantors as of the Effective Date of this Agreement, to own and operate designated Competitive Businesses during the Term and thereafter in accordance with such written consent; and (ii) a passive ownership of a financial interest in the stock of a publicly-held business that constitutes 3% or less of that publicly-held Entity shall not constitute a violation of this Article 7.2(b) or Article 21.2.

7.3 Identification of Restaurant.

Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Famous Dave's® Restaurant. The style and form of the words "Famous Dave's®" and the other Marks used in any advertising, marketing, public relations, or promotional program must have the prior written approval of Famous Dave's. Franchisee will use the name "Famous Dave's®," the approved logos and all graphics commonly associated with the Restaurant System and the Marks on all materials in the manner prescribed by Famous Dave's.

7.4 Franchisee's Business Name and Entities.

Franchisee will not use the name "Famous Dave's®" or any derivative thereof in the name of the Entity that is Franchisee or in any name of an affiliated or controlled Entity of Franchisee in any incorporation, organization, or other legal formation documents filed with any state government or agency. Franchisee will hold itself out to the public and to its employees as an independent business operating an independently owned and operated Restaurant pursuant to a Franchise Agreement with Famous Dave's, using such signage and other forms of notification as prescribed by Famous Dave's. Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that Franchisee is operating its Restaurant as an independent contractor operating an independently owned and operated business.

7.5 Business Hours; Personnel; Customer Reservations.

Franchisee's Restaurant will be open during the hours specified in the Standard Operating Procedures/Training Manual(s). During business hours, Franchisee will have sufficient management personnel on duty who are responsible for supervising the Restaurant's employees and operations. Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the customers of the Restaurant. Franchisee will require its employees to wear the standard attire or uniforms described in the Standard Operating Procedures/Training Manual(s). In the event Franchisee determines to accept reservations or offer any form of pre-reserved seating at Franchisee's Restaurant, it shall comply with the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s) with respect to such practices.

7.6 Inspection Rights.

Franchisee will permit Famous Dave's or its representatives to enter, remain on, and inspect the Restaurant without prior notice. Famous Dave's may: (a) interview Franchisee's employees and customers; (b) take photographs and record video of the interior and exterior of the Franchised Location; (c) examine and remove samples of the Foods, Beverages, and Products sold or used at Franchisee's Restaurant; (d) evaluate the quality of the Foods, Beverages, and Products, and the services provided by Franchisee to its customers; and (e) inspect the premises of the Franchised Location and the operation of Franchisee's Restaurant to determine compliance with the Restaurant System. Famous Dave's will have the right to use all interviews, photographs, and videotapes of Franchisee's Restaurant for such purposes as Famous Dave's deems appropriate, including use in advertising, marketing, and promotional materials, without compensating Franchisee. Inspections by Famous Dave's or its representatives will not be conducted for the purpose of determining or assessing Franchisee's compliance with any legal or regulatory standard applicable to Franchisee's Business or the Restaurant and Famous Dave's expressly disclaims any and all liability related to Franchisee's compliance with applicable laws and regulations.

7.7 Default Notices and Significant Correspondence.

Franchisee will deliver to Famous Dave's, immediately upon receipt by Franchisee or delivery at the Franchised Location, an exact copy of all: (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party; (b) notifications or other correspondence relating to any legal proceeding relating in any way to Franchisee's Restaurant or to the Franchised Location; (c) inspection reports or any other notices, warnings or citations from any governmental authority, including any health or safety authority; and (d) all written consumer and employee complaints or claims immediately upon receipt. Franchisee will provide all additional information requested by Famous Dave's relating to any of these matters.

7.8 Catastrophes.

If the Restaurant is damaged or destroyed by fire or other casualty or Franchisee is unable to operate the Restaurant due to an act of eminent domain or an act of God and this Agreement has a remaining term of at least five years, then: (a) Franchisee will, within 30 days thereafter, commence the repairs and reconstruction necessary to restore the Franchised Location to its original condition prior to such casualty, or (b) Franchisee will relocate the Restaurant to a location approved in writing by Famous Dave's, and in any event, the Term will be extended for the period from the date the Franchised Location was damaged or destroyed as a result of the casualty or as a result of eminent domain until the date it opens. Franchisee will relocate the Restaurant or repair or reconstruct the premises of the Restaurant in conformance with Famous Dave's then-current standard décor specifications and will open the Restaurant or the relocated Restaurant for business within 18 months after the date of such casualty, act of eminent domain or an act of God.

7.9 Vending and Gaming Machines; Unauthorized Devices or Items.

Franchisee will not, except with the written permission of Famous Dave's, permit any jukeboxes, electronic games, vending machines (including cigarette, gum, and candy machines), ATM machines, newspaper racks, entertainment devices, coin or token operated machines, gambling devices or other devices not specified by Famous Dave's to be used on the Restaurant premises. Franchisee will not sell or allow its employees or others on the Restaurant premises to sell any items to consumers that have not been specified by Famous Dave's including, but not limited to, tickets, subscriptions, raffles, lottery tickets, or participation in games of chance.

7.10 Compliance with Applicable Law.

(a) Franchisee is responsible for the operation of its Restaurant, and will control, supervise, and manage all the employees, agents, and independent contractors who work for or with Franchisee. Famous Dave's will not have any right, obligation, or responsibility to control, supervise or manage Franchisee's

employees, agents, or independent contractors. Franchisee will advise its employees, agents and independent contractors of the foregoing facts, in writing, upon hiring or contracting with them, and in any employee manual or human resources materials made available to employees, agents or independent contractors.

(b) Franchisee will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling and the operation of Franchisee's Restaurant including, but not limited to: (i) health, food service, business, and liquor licensing laws; (ii) health and safety regulations and laws; (iii) environmental laws; (iv) labor and employment laws (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws including without limitation the Americans with Disabilities Act ("ADA"), and laws and regulations governing employment of aliens); (v) tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, liquor taxes, personal property taxes and real estate taxes, and federal, state and local income tax laws); (vi) credit, charge, courtesy and cash card transactions and processing laws including all financial privacy laws; (vii) laws pertaining to the privacy of consumer, employee, and transactional information, and all data collection and protection laws; and (viii) laws pertaining to the transmission of advertisements or solicitations by telephone, text, fax, email, or any other communication medium. Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for Franchisee's Restaurant, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors.

(c) Famous Dave's will have no liability for any taxes which arise or result from Franchisee's Restaurant and Franchisee will indemnify Famous Dave's for any such taxes that may be assessed or levied against Famous Dave's 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 Famous Dave's by any taxing authority, Famous Dave's 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.

7.11 Alcoholic Beverages.

If the premises of the Restaurant are 4,000 square feet or greater, and unless otherwise approved in writing by Famous Dave's, Franchisee will serve beer, wine and other alcoholic beverages, including hard liquor and mixed drinks, at its Restaurant. If the premises of the Restaurant are less than 4,000 square feet, Franchisee may serve beer and wine only. Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the sale of alcoholic beverages by Franchisee; and (b) the liquor liability insurance requirements set forth in this Agreement.

7.12 Security Interests or Other Form of Interest in Franchise Agreement.

This Agreement and the Franchise granted to Franchisee hereunder (including any right to receive the gross nor net income realized by Franchisee) may not be used directly or indirectly, as collateral or be the subject of a security interest, lien, levy, attachment, or execution by Franchisee's creditors, any financial institution, or any other party.

7.13 Credit Cards; Gift Cards/Certificates.

Franchisee will honor all debit, credit, charge, cash cards and all other types of payment cards, devices or methods approved by Famous Dave's. To the extent Franchisee will store, process, transmit or otherwise

access or possess cardholder data in connection with the sale of the Foods, Beverages, and Products provided under this Agreement and the operation of Franchisee's Restaurant, Franchisee will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org, and any future generally-accepted security standards for the protection of cardholder data throughout the Term. Franchisee will not create or issue any gift cards or certificates and will only sell gift cards or certificates that have been issued by Famous Dave's or an affiliated Entity, and which are accepted at all Famous Dave's® Restaurants. Franchisee will not issue coupons or discounts of any type except as approved by Famous Dave's. In the event that the Restaurant closes or is otherwise abandoned, whether due to termination of this Agreement or for any other reason, Franchisee will pay Famous Dave's the full amount of the Restaurant's outstanding gift card liability at the time of closing, reduced by the then-current percentage of anticipated gift card non-redemption as established by Famous Dave's. Such amount will be paid together with all other fees and amounts payable to Famous Dave's in connection with Restaurant closure pursuant to this Agreement.

7.14 Music and Music Selection.

Franchisee agrees and acknowledges that it will play only the music and music selections approved by Famous Dave's for the Restaurant System and as set forth in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

7.15 Maintenance.

Franchisee will, at its expense, repair and maintain the Restaurant in a clean and sanitary condition and will replace all décor items as they become worn-out, soiled, or in disrepair. All mechanical equipment must be kept in good working order by Franchisee. All replacement equipment and décor items used in the Restaurant must comply with the standards and specifications in the Standard Operating Procedures/Training Manual(s).

7.16 Remodeling of Business Premises.

Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate, and renovate ("remodel" or "remodeling") Franchisee's Restaurant and to replace and modernize the FF&E so that Franchisee's Restaurant will reflect the then-current image of a Famous Dave's® Restaurant and conform to Famous Dave's then-current specifications. Franchisee will commence remodeling the Restaurant within seven months after receiving written notice from Famous Dave's specifying the required remodeling, and will diligently complete such remodeling within a reasonable time after its commencement. Except as provided for in Article 7.15 of this Agreement, Franchisee will not be required to remodel the Restaurant, or to replace and modernize its FF&E more than once every five years. Franchisee is responsible for ensuring all required remodeling complies with applicable building codes and regulations including without limitation the ADA.

7.17 Décor Items.

Franchisee will purchase, install, and/or display in the Restaurant the décor items specified in the Standard Operating Procedures/Training Manual(s). Franchisee is responsible for paying any supplier or vendor for all décor and installation costs, in accordance with terms established by agreement with such suppliers or vendors. Décor items that have been approved for use in the Restaurant will not be sold by Franchisee without Famous Dave's prior written consent.

7.18 Other Business Activity at or Related to Franchised Location.

Franchisee will use the Franchised Location solely for the operation of a Famous Dave's® Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location. Franchisee will not participate in any dual branding program, or in any other program, promotion or business activity pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with Franchisee's Restaurant or which suggests an association with Franchisee's

Restaurant or seeks to derive any form of benefit from an association with Franchisee's Restaurant, except to the extent expressly permitted in a prior writing by Famous Dave's.

7.20 Annual Conference.

Franchisee's Operating Partner, other Owners, senior executives and the other persons designated by Franchisee will attend each annual franchise system conference (the "Annual Conference") held by Famous Dave's. The date and location of all Annual Conferences will be at the sole determination of Famous Dave's. Franchisee will pay the conference registration fee established by Famous Dave's for each person attending the Annual Conference. Franchisee will also pay the Salaries and Benefits, the Travel Expenses, and all other expenses incurred by the persons attending the Annual Conference on Franchisee's behalf. Franchisee acknowledges that the attendance of at least one of its senior executives at the Famous Dave's Annual Conference is mandatory.

7.21 Disclosure of Franchisee Information.

Famous Dave's has the right to disclose in its Franchise Disclosure Document as required by law or regulation, and to retrieve and disseminate in other documents and places, as determined by Famous Dave's, any information relating to Franchisee and the Restaurant, including Franchisee's name, any address and/or telephone number(s), and the Revenues, expenses, results of operations and/or other information regarding the Restaurant utilizing the retrieval method and disseminated via the medium and in the format determined by Famous Dave's, in its sole discretion. Any disclosure by Famous Dave's of such information will be for reasonable business purposes, and its rights under this provision will survive the Assignment, termination or expiration of this Agreement.

7.22 Payment of Obligations.

Franchisee will timely pay any and all of its uncontested obligations or liabilities when due and owing under this Agreement, any other contract or otherwise payable to Famous Dave's, any affiliated or controlled Entity of Famous Dave's, the Local Advertising Association, the landlord for the Franchised Location, suppliers, vendors, distributors, banks, purveyors, lessors, creditors and any federal, state, local and municipal government.

ARTICLE 8 FOODS, BEVERAGES AND PRODUCTS; RELATED OPERATIONS

8.1 Limitations on Foods, Beverages and Products.

Franchisee will only sell the Foods, Beverages, and Products specified in writing by Famous Dave's or in the Standard Operating Procedures/Training Manual(s) and will offer and sell all of the Foods, Beverages, and Products specified by Famous Dave's in writing or in the Standard Operating Procedures/Training Manual(s). Franchisee will maintain sufficient inventories to realize the full potential of the Restaurant and will conform to all customer service standards prescribed by Famous Dave's in writing. Franchisee will set the retail price of Foods, Beverages, and Products sold at the Restaurant; provided, however, that Famous Dave's may exercise all rights with respect to retail price available to it under applicable law including, but not limited to, setting maximum prices for items sold at the Restaurant. Franchisee will only sell the Foods, Beverages, and Products on a retail eat-in or take-out basis and will not offer or sell the Foods, Beverages, and Products: (a) on a wholesale or retail basis at any other location; (b) by means of the Internet, catalogue or mail order sales, or telemarketing; and (c) by any other method distribution.

8.2 Delivery.

Franchisee will not, without the prior written consent of Famous Dave's, offer or provide delivery, or enter into arrangements for third party delivery, to locations outside Franchisee's Restaurant, whether for a fee or not, of any Foods, Beverages, and Products offered for sale by Franchisee's Restaurant; provided, however, that Franchisee may provide catering services not involving individual consumer orders, in compliance with the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s).

8.3 Approved Suppliers.

Franchisee will purchase the Foods, Beverages, and Products which will be used or sold at its Restaurant from suppliers approved in writing by Famous Dave's. Certain approved Foods, Beverages, and Products may only be available from one source, as noted in Article 8.4 of this Agreement, and Famous Dave's or its Affiliates may be that source. Franchisee will pay the then-current price in effect for all purchases Franchisee makes from Famous Dave's or an Affiliate. Except for single source Foods, Beverages, and Products purchases and instances where Famous Dave's has made volume commitments on behalf of franchisees that may be compromised, Franchisee will have the right to purchase the Foods, Beverages, and Products from other suppliers provided they conform to Famous Dave's standards and specifications and Famous Dave's determines, in the exercise of its business judgment, that the supplier's or distributor's business reputation, quality standards, delivery performance, credit rating, and other factors are acceptable and that approval of such supplier or distributor will not have a negative effect on the economical and efficient operation of the network of Famous Dave's® Restaurants or the Restaurant System as a whole. If Franchisee desires to purchase any Foods, Beverages, and Products from other suppliers, then Franchisee must, at its expense, submit samples, specifications, and product information requested by Famous Dave's, for review and testing to determine whether these Foods, Beverages, and Products comply with Famous Dave's standards and specifications. Famous Dave's will complete all product testing within 30 days after being provided with adequate samples, specifications and product information, and will notify Franchisee of its determination within 45 days after Famous Dave's receives the samples and other requested information from Franchisee. The written approval of Famous Dave's must be obtained before any previously unapproved Foods, Beverages, and Products are sold or used by Franchisee.

8.4 Designated Suppliers; Brand Name Products.

Franchisee will purchase from designated suppliers the Foods, Beverages, and Products designated in writing by Famous Dave's which are to be used or sold by the Restaurant and which Famous Dave's determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the Restaurant System. In addition, Franchisee will purchase and use in its Restaurant operations all of the brand name products specified by Famous Dave's in the Standard Operating Procedures/Training Manual(s). Franchisee will purchase all proprietary proteins, sauces, seasonings, and other food products from a member of Famous Dave's Distribution Marketing Advantage system or from any other distributor Famous Dave's may designate in the future. 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.

8.5 Branding of Foods, Products or Services.

Franchisee has no right to: (a) use or display the Marks on or in connection with any foods, products, or services that have not been approved by Famous Dave's; (b) acquire, develop, or manufacture any food or product using the name "Famous Dave's®" or any of the Marks or any confusingly similar marks, or direct any other person or Entity to do so; (c) acquire (other than for resale pursuant to this Agreement in Franchisee's Restaurant), develop, or manufacture any foods or product that has been developed or manufactured by or for Famous Dave's for use in conjunction with the operations of the Restaurant and which is sold under any of the Marks, or direct any other person or Entity to do so; and (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any foods or products created by or at the direction of Famous Dave's and sold under the name "Famous Dave's®" or any of the Marks.

8.6 Third Party Performance Evaluations.

In its sole and absolute judgment, Famous Dave's may hire providers of independent and secret shopping or other services to: (a) visit and evaluate food safety at the Restaurant; (b) visit and dine at Franchisee's Restaurant; (c) interview the customers of Franchisee's Restaurant by telephone, electronically, interactive

voice response, or in person; (d) summarize information from customer surveys or comment cards for Franchisee's Restaurant; and (e) communicate with customers of Franchisee's Restaurant by email or in writing, by direct contact, electronically, or interactive voice response for the purpose of evaluating: (i) the operations of Franchisee's Restaurant; (ii) the quality of the Foods, Beverages, and Products provided to customers by Franchisee's Restaurant; and (iii) whether Franchisee is in compliance with the operational and quality standards specified in the Standard Operating Procedures/Training Manual(s). Famous Dave's will determine the frequency, nature and extent of the services that will be provided and the form of the reports the service providers will provide to Famous Dave's. The fees charged by the service provider for evaluating Franchisee's Restaurant will be shared equally by Famous Dave's and Franchisee. Famous Dave's will provide Franchisee with copies of all evaluation reports prepared by the service provider for Franchisee's Restaurant and the invoices for the service evaluation. Franchisee will pay amounts invoiced by Famous Dave's within 30 days after receipt. In the event Franchisee fails a food safety evaluation, and without waiving any of the rights afforded to Famous Dave's under Article 17 herein, Franchisee must pay the full cost of any required follow-up evaluation, as well as the full cost of the original failed evaluation.

8.7 Purchasing Cooperative.

Famous Dave's may require that Franchisee join and make required purchases/leases through a purchasing cooperative or other Entity designated by Famous Dave's. Such Entity may adopt its own by-laws, rules, regulations and procedures, subject to Famous Dave's prior review and approval, which may include required provisions intended to meet applicable legal and regulatory principles. Franchisee's failure to timely pay amounts due to, or comply with the by-laws, rules, regulations and procedures of such cooperative is a breach of this Agreement. Famous Dave's will have the right, but not the obligation, to offset against amounts Famous Dave's owes to Franchisee the amount of Franchisee's unpaid cooperative obligations.

8.8 Payments to Suppliers.

Franchisee will timely pay when due and owing any and all of its uncontested obligations or liabilities for purchases made by Franchisee from designated suppliers, approved suppliers, Famous Dave's, any Affiliate of Famous Dave's, and/or other suppliers, vendors and distributors ("Suppliers") for the Foods, Beverages, and Products, or other items, goods, products, merchandise or services for the Restaurant. Franchisee agrees and acknowledges that Famous Dave's has the right to require that information be provided by Franchisee's Suppliers to Famous Dave's regarding the purchases and payments made by Franchisee to Suppliers and/or the status of Franchisee's accounts with its Suppliers, and Franchisee hereby authorizes Famous Dave's to direct Franchisee's Suppliers to promptly provide Famous Dave's with the information and documents, including order forms and invoices, requested by Famous Dave's. Franchisee's Suppliers will accept this Agreement as evidence of the right of Famous Dave's to require that it be provided with information and documents regarding Franchisee's accounts with its Suppliers, and this Agreement will constitute the authority from Franchisee for Franchisee's Suppliers to provide such information and documents to Famous Dave's.

8.9 Payments by Suppliers.

Franchisee acknowledges that Famous Dave's and/or its Affiliates will have the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments ("Payments") based upon the actual purchases of the Foods, Beverages, and Products by Famous Dave's, its Affiliates, area developers and franchisees from Suppliers. Any Payments made to Famous Dave's by a Supplier as a result of Franchisee's direct purchases from the Supplier may be retained by Famous Dave's or distributed to franchisees in such amounts and using such allocation methods as Famous Dave's deems appropriate, in its sole discretion. If Famous Dave's receives any Payments from a Supplier that are not based on the direct purchases by Franchisee, Famous Dave's or an Affiliate, or if Famous Dave's receives a Payment from a Supplier that it cannot reasonably determine

was based on purchases made by (a) Famous Dave's and/or (b) any or all of Famous Dave's area developers or franchisees, then such amounts will be retained by Famous Dave's or deposited into the Fund and used by Famous Dave's as provided for in Article 5.2 of this Agreement. All Payments received from a Supplier for a designated purpose (such as purchase of menu boards, purchase of specific equipment, participation at the national convention, etc.) will be spent in accordance with the Supplier's designated purpose. All Payments made by Franchisee to Famous Dave's or an Affiliate as a result of direct purchases by Franchisee from Famous Dave's or the Affiliate for Foods, Beverages, or Products will be retained in their entirety by Famous Dave's or the Affiliate. Notwithstanding the foregoing, Famous Dave's, in its sole discretion, may withhold or offset any amount for allowances or rebates it may be required to pay to Franchisee under this Agreement from or against any amount owed by Franchisee to Famous Dave's under this Agreement or any other agreement.

ARTICLE 9 STANDARD OPERATING PROCEDURES/TRAINING MANUAL(S); OTHER CONFIDENTIAL INFORMATION

9.1 Compliance with Standard Operating Procedures/Training Manual(s).

(a) Famous Dave's will provide Franchisee access to the Standard Operating Procedures/Training Manual(s) which may be provided by any reasonable method to Franchisee, including online or electronically. The purpose of the Standard Operating Procedures/Training Manual(s) is to protect the Marks and the Restaurant System, and not for the purpose of exercising control over those duties and responsibilities reserved to Franchisee. Franchisee will be responsible for the costs associated with the delivery method chosen by Famous Dave's to provide Franchisee with access to the Standard Operating Procedures/Training Manual(s).

(b) Franchisee will conform to the common image and identity created by the foods, beverages, products, music, food portions, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation, and services associated with Famous Dave's® Restaurants which are portrayed and described by the Standard Operating Procedures/Training Manual(s) as well as with other aspects of the Restaurant System so portrayed and described therein. Franchisee will modify the operations of the Restaurant to implement all mandatory changes, additions, and supplements made by Famous Dave's to the Restaurant System which are reflected by the Standard Operating Procedures/Training Manual(s) as promptly as reasonably possible. Franchisee will not use the Standard Operating Procedures/Training Manual(s) or any information contained therein for any purpose other than the operation of Franchisee's Restaurant. The Standard Operating Procedures/Training Manual(s) are confidential and proprietary as further described in Article 9.3. Franchisee acknowledges receiving access to one copy of the Standard Operating Procedures/Training Manual(s) from Famous Dave's.

9.2 Revisions to Standard Operating Procedures/Training Manual(s).

The Standard Operating Procedures/Training Manual(s) will at all times remain the sole and exclusive property of Famous Dave's. Famous Dave's may, from time to time, revise the Standard Operating Procedures/Training Manual(s) in the exercise of its reasonable business judgment. Franchisee expressly agrees to operate its Restaurant in accordance with all such revisions to mandatory provisions of the Standard Operating Procedures/Training Manual(s). Franchisee is responsible to have access to the most current and up-to-date Standard Operating Procedures/Training Manual(s), and in the event of any dispute regarding the Standard Operating Procedures/Training Manual(s), the terms of the master copy of the Standard Operating Procedures/Training Manual(s) maintained by Famous Dave's will be controlling in all respects. Famous Dave's will have the right to "update" the Standard Operating Procedures/Training Manual(s) and notify Franchisee of the latest versions which may be provided online or electronically to Franchisee. Franchisee will be responsible for the costs associated with the delivery method chosen by Famous Dave's to provide Franchisee with access to updates to the Standard Operating Procedures/Training

Manual(s) and the latest versions of the Manuals.

9.3 Confidentiality of Other Information.

Famous Dave's and Franchisee expressly understand and agree that Famous Dave's will be disclosing and providing to Franchisee certain confidential and proprietary information concerning the Restaurant System and the procedures, operations, technology, and data used in connection with the Restaurant ("Confidential and Proprietary Information"). Further, Franchisee understands and agrees that the Confidential and Proprietary Information may include certain of Famous Dave's trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: recipes and formulas; methods of doing business or business processes; strategic business plans; client lists and information; marketing and promotional campaigns; and Famous Dave's materials clearly marked or labeled as trade secrets. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Famous Dave's. Franchisee agrees that Famous Dave's derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. Franchisee agrees to take reasonable measures as directed by Famous Dave's to keep such information secret. Further, Franchisee will not, during the Term or thereafter, communicate or divulge to any person, or use for the benefit of any other person or Entity any such Confidential and Proprietary Information, knowledge, trade secrets or know-how concerning the methods of operation of the Restaurant which may be communicated to Franchisee, or of which Franchisee may be apprised by virtue of this Agreement. Franchisee will divulge such Confidential and Proprietary Information only to its employees who must have access to it to operate Franchisee's Restaurant, advising them of its confidential nature and taking all reasonable steps to maintain such confidentiality. Notwithstanding any other provision of this Agreement to the contrary, there may be certain instances where applicable law allows for the disclosure of certain Confidential and Proprietary Information, including trade secrets, under limited circumstances as specified in the Standard Operating Procedures/Training Manual(s) or otherwise in writing by Famous Dave's. Any Confidential and Proprietary Information will also include any and all information, knowledge, and know-how including, without limitation, drawings, materials, equipment, technology, methods, procedures, techniques, specifications, computer programs, systems, and other data which Famous Dave's copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement.

ARTICLE 10 SITE SELECTION; CONSTRUCTION; SIGNS

10.1 Site Selection; Purchase or Lease of Site.

(a) Franchisee is solely responsible for selecting the site of the Franchised Location for Franchisee's Restaurant. Famous Dave's recommends that Franchisee retain: (i) an experienced commercial real estate broker or salesperson; and (ii) an experienced attorney to provide advice and counsel on Franchisee's business and the terms, conditions, and economics of the legal and other documents required to lease or purchase the site.

(b) Franchisee must provide Famous Dave's with a copy of the proposed Lease in final and executable form for the site selected by Franchisee at least 10 days before the date the Lease is to be signed (including any Lease in any sale/leaseback transaction). Famous Dave's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice, or analysis.

(c) Franchisee is solely responsible for all terms of the Lease, including the enforceability, economics, and legality of all provisions in the Lease. Franchisee agrees that it will not sign the Lease until this Agreement has been signed by both Franchisee and Famous Dave's and the Lease contains the terms required under this provision. The Lease will include the Lease Addendum attached hereto as Exhibit C, containing

provisions confirming the right, but not the obligation, of Famous Dave's to enter the premises of the Franchised Location to conduct inspections during regular business hours, and the right, but not the obligation, of Famous Dave's to assume, or cause another franchisee to assume, the Lease in the event Franchisee's right to operate a Famous Dave's® Restaurant is terminated, and other provisions specified by Famous Dave's for the purpose of insuring conformity and continuity of the Franchised Location as a part of the network of franchised Famous Dave's® Restaurants. Franchisee agrees and acknowledges that Famous Dave's has the right to request that Franchisee's landlord promptly deliver to Famous Dave's, or such other party as Famous Dave's may designate: (i) written confirmation (1) that the Lease is in full force and effect without modification or amendment, and (2) that Franchisee is not in default under the terms of the Lease, and/or (ii) such other information, documents, confirmations and/or certifications regarding the Lease as may be reasonably requested by Famous Dave's.

(d) Site selection for the site of Franchisee's Restaurant is solely Franchisee's responsibility. It is agreed that Famous Dave's has no duty or obligation to assist Franchisee in the selection of a site for the Franchised Location, or in the purchase or lease of the Franchised Location, and has no obligation, duty to Franchisee regarding the site selected by Franchisee. To the extent Famous Dave's provides information, assistance or advice in such matters, it is agreed that Famous Dave's has no liability of any kind whatsoever with respect to such information, assistance or advice.

(e) Franchisee must select a site for the Franchised Location for Franchisee's Restaurant within nine (9) months from the Effective Date.

10.2 Site Information; Site Visit.

(a) Franchisee will provide the information as may be specified by Famous Dave's in writing for the proposed site, in the exercise of its business judgment. Such information may include submission of preliminary set of building plans in electronic or computerized formats specified by Famous Dave's and final drawings including all furniture, furnishings, fixtures and equipment installed in the Restaurant, before opening. Upon receipt of all items requested by Famous Dave's from Franchisee, Famous Dave's 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 Famous Dave's® Restaurant. The Site Review Report represents Famous Dave's 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, stated in Article 10.1 above, that Famous Dave's 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 Famous Dave'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.

(b) Franchisee will pay Famous Dave's the then-current fee for the Site Review Report after Famous Dave's issues a "no-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 Famous Dave's at any time. Franchisee will not purchase or lease a proposed site until Famous Dave's has provided Franchisee with a no-objection letter for that proposed site. Franchisee will provide Famous Dave's with a copy of the Lease, including the Lease Addendum required by Article 10.1(c) of this Agreement, or the purchase closing documents for the Franchised Location within 10 days after signing.

(c) Review of any site information, any visits by Famous Dave's to a proposed site, the review of the Site Review Report, and/or the issuance of a no-objection letter by Famous Dave's does not constitute an approval of the site by Famous Dave's or a warranty or representation by Famous Dave's or any other party that the site for the Franchised Location chosen by Franchisee will be a financial or operational success.

The issuance of a no-objection letter by Famous Dave's means only that it has received the site information required from Franchisee and Famous Dave's has no objections to the Franchised Location.

10.3 Site Release.

By executing this Agreement, and in furtherance of the provisions of Articles 10.1 and 10.2 above, Franchisee releases Famous Dave's and its officers, directors, Owners, agents and employees, in their corporate and individual capacities, from any and all claims by Franchisee arising from, in connection with, or as a result of Franchisee's purchase or lease of the site selected by Franchisee for the Franchised Location, whether such claims arise before or after the execution of this Agreement.

10.4 Standard Plans and Specifications.

Famous Dave's will, at its expense, provide Franchisee with a set of the standard plans, standards, and specifications for an existing Famous Dave's® Restaurant. Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for Franchisee's Restaurant. Franchisee will be responsible for the accuracy of all drawings, plans, and specifications for its Restaurant.

10.5 Compliance with Specifications.

The Franchised Location and Franchisee's Restaurant will conform to all construction and décor specifications established by Famous Dave's. Franchisee will purchase and install the FF&E specified in the Standard Operating Procedures/Training Manual(s) for Franchisee's Restaurant according to the then-current design guidelines.

10.6 Construction Costs.

Franchisee is solely responsible for all costs and expenses incurred for the construction of Franchisee's Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the standard plans and specifications necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors, including the per diem rate and the Travel Expenses for Famous Dave's décor consultants who may consult with Franchisee on the interior and exterior decorations for the Restaurant and who will install the interior and exterior decorations for the Restaurant.

10.7 Inspection.

Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Franchised Location and the Restaurant is being constructed or renovated in a workmanlike manner and according to the specifications established by Famous Dave's. Franchisee 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 Franchisee's Restaurant at the Franchised Location including without limitation the Americans with Disabilities Act ("ADA"). Famous Dave's will have no responsibility to Franchisee or any other party if the Restaurant is not constructed or renovated by Franchisee or its architect or contractor: (a) according to the standard plans and specifications established by Famous Dave's; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. Famous Dave's approval of any items in connection with construction or renovation is solely for complying with the brand system standards, and not for determining compliance with anything else (including without limitation, the ADA, or any other federal, state and local laws, ordinances, statutes, and building codes, or any requirement of the landlord (if applicable)). Franchisee will not open the Restaurant for business without the prior written approval of Famous Dave's.

10.8 Approved Signage.

All exterior and interior signs at the Franchised Location (the “Signs”) must comply with the standard sign plans and specifications established by Famous Dave’s and provided to Franchisee. Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to Famous Dave’s for written approval. Famous Dave’s will have the absolute right to inspect, examine, videotape, and photograph the Signs during the Term. Franchisee is responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments, and levies in connection with the construction, erection, maintenance, or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. Franchisee will comply with all federal, state and local laws, regulations, building codes, and ordinances relating to the construction, erection, maintenance, and use of the Signs. Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by Famous Dave’s in writing. Famous Dave’s will have the right to redesign the specifications for the Signs without the approval or consent of Franchisee. Within 90 days after receipt of written notice from Famous Dave’s, Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the new specifications. Franchisee will not be required to modify or replace the Signs more than once every five years.

10.9 Ownership of Franchised Location.

Franchisee must lease or own the Franchised Location. If any of the Owners, or an Entity owned by Franchisee and/or any of the Owners, owns or otherwise controls the Franchised Location, including the land, building and related real estate, or if Franchisee, any of the Owners, or an Entity owned by Franchisee and/or any of the Owners individually or collectively own 25% or more of an Entity that owns, leases or otherwise controls the Franchised Location, then Franchisee will, as the lessee, enter into a Lease for the Franchised Location for a term coextensive with the Term containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm’s length transaction for similarly situated real estate. A copy of the Lease (or evidence of property ownership, if applicable) will be provided to Famous Dave’s within 10 days after execution and will be deemed to be a Major Asset of Franchisee. If Franchisee owns the Franchised Location and the Franchised Location is reflected as an asset on Franchisee’s Financial Statements, the Franchised Location will be deemed a Major Asset of Franchisee, and Franchisee will provide Famous Dave’s with written evidence of such ownership.

ARTICLE 11 OFFICE EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE

11.1 Office and Telecommunication Equipment; Telephone Lines.

Franchisee will, at its sole expense, obtain and maintain the telephone lines, facsimile (“fax”) equipment (as applicable), other telecommunications equipment, and all other technology infrastructure and equipment for Franchisee’s Restaurant as specified in the Standard Operating Procedures/Training Manual(s). Franchisee will install the telephone answering machines and other telephone devices at the Restaurant, and will play the required messages and music while a caller is on hold in accordance with the Standard Operating Procedures/Training Manual(s).

11.2 Computer Hardware and Software.

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 Famous Dave's from time to time, including the Franchisee's point-of-sale system and other equipment and devices as required by Famous Dave's. Franchisee will, upon notice from Famous Dave's, update the computers and software to the standards and specifications set forth in the then-current Standard Operating Procedures/Training Manual(s). Upon Famous Dave's request, Franchisee further must provide to Famous Dave's proof of Franchisee's compliance with Payment Card Industry Payment Application Data Security Standards, as such standards may be modified from time to time.

11.3 Internet Provider; Email Address.

Franchisee will, at Franchisee's expense, have access to the Internet/World Wide Web (the "Internet") and will maintain an email address on the Internet. Franchisee's email address will be provided to Famous Dave's and will be used for Franchisee and Famous Dave's to communicate and to transmit documents and other information. Neither Franchisee nor its Affiliates will use the words "Famous Dave's®" or any of the Marks as any part of an email address, any domain name (Uniform Resource Locator) for any home page on the Internet, or (absent Famous Dave's prior approval) in any online medium (including, without limitation, social media networks such as Facebook, Twitter, LinkedIn, YouTube, and the like).

11.4 Internet Website.

Franchisee will not establish a website or home page on the Internet (the "Home Page") to advertise or promote its Restaurant without the prior written consent of Famous Dave's. All features of any proposed Home Page, including the domain name, content, format, and links to other websites or home pages must be approved by Famous Dave's in writing. Franchisee's Home Page may only advertise Franchisee's Restaurant, and all content and information on the Home Page will be subject to the terms and conditions of this Agreement. At such time as Famous Dave's provides Franchisee with access to the local restaurant template page (the "Subpage") on Famous Dave's public website (www.famousdaves.com) or another website maintained by Famous Dave's, Franchisee will be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Famous Dave's may set forth in the Standard Operating Procedures/Training Manual(s) or otherwise.

11.5 Internet Disruptions.

Franchisee is responsible for protecting itself from Internet disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee waives any and all claims Franchisee may have against Famous Dave's as the direct or indirect result of such disruptions, failures and attacks.

11.6 Social Networking.

Franchisee and its Management Staff, employees and agents will not use any of the Marks or other intellectual property of Famous Dave's in communications that reference the Marks or involve the Restaurant in any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "blog," YouTube, Facebook, Instagram, Snapchat, Wikipedia, professional networks such as LinkedIn, live-blogging tools such as Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools now or hereafter in existence ("Digital and Social Media"), except as expressly permitted by Famous Dave's Standard Operating Procedures/Training Manual(s). Famous Dave's may require Franchisee to set up accounts, pages or similarly participate in Digital and Social Media, and may require that Famous Dave's be given administrative privileges for such accounts and pages. Famous Dave's may require that Franchisee post appropriate content to such accounts and pages and Franchisee will be permitted to do so independently.

ARTICLE 12 INSURANCE

12.1 General Liability Insurance.

Franchisee will purchase and maintain, at its sole cost, a commercial comprehensive general liability insurance policy with coverage amounts as specified in Famous Dave's Standard Operating Procedures/Training Manual(s). As of the Effective Date, required coverage must be at least \$2,000,000 per occurrence and \$5,000,000 aggregate coverage, insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability, data security/cyber breach liability and other legal liability, resulting from the condition, operation, use, business, or occupancy of Franchisee's Restaurant and the Franchised Location, including the surrounding premises, the parking area, and the sidewalks.

12.2 Liquor Liability Insurance.

If Franchisee serves alcoholic beverages of any type at its Restaurant, then Franchisee will purchase and maintain, at its sole cost, liquor liability insurance with minimum coverage of \$2,000,000 per occurrence, insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, death, property damage, and other legal liability resulting from or related to the sale or service of liquor by Franchisee and/or any of Franchisee's employees at or from Franchisee's Restaurant.

12.3 Automobile Insurance.

Franchisee will purchase and maintain, at its sole cost, automobile liability insurance with minimum coverage of \$500,000 per occurrence insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense resulting from the use, operation or maintenance of each automobile or vehicle owned or used by Franchisee or any of Franchisee's employees in Franchisee's Famous Dave's® Restaurant (including automobiles owned or leased by any employee of Franchisee).

12.4 Famous Dave's as Additional Insured.

In recognition of the likelihood that potential plaintiffs and their legal counsel often seek to name franchisors or their personnel as parties/defendants in litigation even where the conduct at issue is not under a franchisor's immediate control and where no basis for franchisor liability can be established, and the fact that such practices may impose significant costs on Famous Dave's, Franchisee agrees that all insurance coverage obtained by Franchisee shall name Famous Dave's, Famous Dave's parents and affiliates, and their respective officers, agents and employees as additional insureds covered by the policies in question and will contain endorsements by the insurance companies waiving all rights of subrogation against Famous Dave's. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors, or omissions of us Famous Dave's and other additional insureds. All insurance policies, of whatever type, must provide that Famous Dave's will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date of such cancellation, nonrenewal, or coverage change.

12.5 Property Insurance.

Franchisee will procure and maintain in full force and effect, at its sole cost, "special perils" property insurance coverage, which will include fire and extended coverage, for the inventory, machinery, and FF&E owned, leased or used by Franchisee at the Franchised Location. Franchisee's property insurance policy (including fire and extended coverage) must have coverage limits equal to at least actual "replacement" cost.

12.6 Business Interruption Insurance.

Franchisee will procure and maintain in full force and effect, at its sole cost, business interruption insurance with coverage of at least \$300,000 per occurrence insuring Franchisee for and against all compensable losses and damages resulting from an interruption in the operation of Franchisee's Restaurant. In the event Franchisee receives proceeds from business interruption insurance, Franchisee shall pay Famous Dave's 5% of the proceeds.

12.7 Building Insurance.

If Franchisee, or any of Franchisee's Owners, owns, either directly or indirectly, the building or the business premises at the Franchised Location, then Franchisee will insure the building or the business premises for and against special perils, loss and damages in an amount equal to at least actual "replacement" cost. If the Franchised Location is either partially or completely destroyed by fire or any other catastrophe, then Franchisee will use the insurance proceeds to repair or reconstruct the Franchised Location as provided for in this Agreement and recommence business as soon as reasonably possible.

12.8 Umbrella Liability.

Franchisee will procure and maintain in full force and effect, at its sole cost, umbrella liability insurance in the minimum amount of \$3,000,000 that will provide liability insurance coverage for loss, liability, claim, damage, or expense incurred by Franchisee and Famous Dave's in excess of the primary liability insurance coverage carried by Franchisee.

12.9 Insurance Required by Law.

Franchisee will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including workers' compensation insurance for its employees.

12.10 Insurance Companies; Evidence of Coverage.

All insurance companies providing coverage to Franchisee must be licensed in the state where coverage is provided. Franchisee will provide Famous Dave's with certificates of insurance evidencing the insurance coverage required of Franchisee pursuant to this Article (or such other evidence of coverage as Famous Dave's may require from time to time) no later than the date Franchisee opens for business, and Franchisee will immediately provide, upon expiration, change or cancellation, a new certificate of insurance to Famous Dave's.

12.11 Defense of Claims.

All liability insurance policies procured and maintained by Franchisee in connection with Franchisee's Restaurant will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits, or claims brought against Franchisee, Famous Dave's, and their officers, directors, agents and employees.

12.12 Franchisee's Insurance Obligations.

Franchisee's obligation to obtain and maintain these insurance policies in the amounts specified shall not be limited in any way by reason of any insurance that Famous Dave's may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in Article 22.1 or elsewhere in this Agreement. Franchisee's insurance procurement obligations under this Article are separate and independent of Franchisee's indemnity obligations. Famous Dave's does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Famous Dave's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Famous Dave's. For example, we strongly suggest 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, employment practices liability and cyber liability/data breach insurance coverage). Such insurance may significantly increase your premiums but may also save you money in the long run. Famous Dave's periodically may, with prior written notice to Franchisee, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability.

ARTICLE 13 LICENSING OF MARKS AND RESTAURANT SYSTEM

13.1 Right to License Marks.

Famous Dave's warrants that it has the right to grant the Franchise and to license the Marks and the Restaurant System to Franchisee. Any and all changes or improvements made by Franchisee to the Marks or the Restaurant System (regardless of whether Famous Dave's approves their use with the Restaurant System) will be the sole and absolute property of Famous Dave's, which will have the exclusive right to register and protect all such changes and improvements in its name in accordance with applicable law. Franchisee's right to use and identify with the Marks and the Restaurant System will exist concurrently with the Term and such use by Franchisee will inure exclusively to the benefit of Famous Dave's.

13.2 Conditions to License of Marks.

Famous Dave's hereby grants to Franchisee the nonexclusive personal right to use the Marks and the Restaurant System in accordance with the provisions of this Agreement. Franchisee's nonexclusive personal right to use "Famous Dave's®" as the name of Franchisee's Restaurant and its right to use the Marks and the Restaurant System applies only to Franchisee's Restaurant at the Franchised Location and such rights will exist only during the Term of this Agreement and only so long as Franchisee fully performs and complies with all of the conditions, terms, and covenants of this Agreement. "Nonexclusive," for the purposes of this Article, means that Famous Dave's has the right to grant franchises to other developers, franchisees, persons or Entities authorizing them to own and operate Famous Dave's® Restaurants in conformity with the Restaurant System using the name "Famous Dave's®" and the other Marks, and that Famous Dave's, its Affiliates and/or subsidiaries have the right to own and operate, and will continue to own and operate, Famous Dave's® Restaurants.

13.3 Franchisee's Authorized Use.

Franchisee will only use the Marks designated by Famous Dave's (or as Famous Dave's otherwise direct in writing) and only in the manner authorized and permitted by Famous Dave's. Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of Famous Dave's under this Agreement and under the Lanham Act (15 U.S.C. §1051 et seq.). Franchisee will not have or acquire any rights in any of the Marks or the Restaurant System other than the right of use as provided herein. Franchisee will have the right to use the Marks and the Restaurant System only in the manner prescribed, directed, and approved by Famous Dave's in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by Famous Dave's for sale by Franchisee. If in the judgment of Famous Dave's, the acts of Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality, or business standing associated with the Marks or the Restaurant System, then Franchisee will, upon written notice from Famous Dave's, immediately modify its use of the Marks or the Restaurant System in the manner prescribed by Famous Dave's in writing.

13.4 Adverse Claims to Marks.

If there are any claims by any party that its rights to any or all of the Marks are superior to those of Famous Dave's and if the attorneys for Famous Dave's are of the opinion that such claim by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of Famous Dave's, then upon receiving written notice from Famous Dave's,

Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by Famous Dave's. If so specified, Franchisee will immediately cease using the Marks specified by Famous Dave's, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs, and commercial symbols designated by Famous Dave's in writing at the Franchised Location, and in connection with all advertising, marketing, and promotion of Franchisee's Restaurant. Franchisee will not make any changes or amendments whatsoever to the Marks or the Restaurant System without the prior written approval of Famous Dave's.

13.5 Defense or Enforcement of Rights to Marks.

Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use, or for any other claim or allegation. Franchisee will give Famous Dave's immediate written notice of any and all claims or complaints made against or associated with the Marks and the Restaurant System and will, without compensation for its time and at its expense, cooperate in all respects with Famous Dave's in any lawsuits or other proceedings involving the Marks and the Restaurant System. Famous Dave's will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by Famous Dave's, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by Famous Dave's.

13.6 Tender of Defense.

If Franchisee is named as a defendant or party in any action involving the Marks or the Restaurant System solely because the plaintiff or claimant is alleging that Franchisee does not have the right to use the Marks or the Restaurant System, then Franchisee will have the right to tender the defense of the action to Famous Dave's, and Famous Dave's will, at its expense, defend Franchisee in the action provided that Franchisee has tendered defense of the action to Famous Dave's within seven days after receiving service of the pleadings or the summons and complaint relating to the action. Famous Dave's will indemnify and hold Franchisee harmless from any damages assessed against Franchisee in any actions resulting solely from Franchisee's use of the Marks or the Restaurant System at the Franchised Location if Franchisee has timely tendered defense of the action to Famous Dave's.

13.7 Franchisee's Participation in Litigation.

Upon prior written notice to and written approval by Famous Dave's, Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or the Restaurant System, and may do so with respect to matters involving only Franchisee (i.e., not involving Famous Dave's or its interests); provided that, Famous Dave's and its attorneys will control and conduct all litigation involving the Marks or the Restaurant System and the rights of Famous Dave's. Except as expressly provided for herein, Famous Dave's will have no liability for any costs that Franchisee may incur in any litigation involving the Marks or the Restaurant System, and Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Article, if Franchisee has not timely tendered the defense to Famous Dave's in accordance with Article 13.6.

ARTICLE 14 TRAINING; OPENING ASSISTANCE

14.1 Initial Training.

Famous Dave's will provide an initial training program for Franchisee's Operating Partner, the General Manager and, if applicable, Franchisee's Multi-Unit Manager, and a minimum of two and a maximum of four members of Franchisee's management personnel (the "Management Staff") depending on the size of the Restaurant as determined by Famous Dave's in a certified training location designated by Famous

Dave's to educate, familiarize, and acquaint them with the Restaurant System and the operations of a Famous Dave's® Restaurant. The members of the Management Staff must begin training at least 60 to 75 days prior to the scheduled opening of Franchisee's Restaurant. Any member of the Management Staff who does not successfully complete the required training program will not be permitted to participate in the operations of Franchisee's Restaurant.

14.2 Changes in Personnel After Initial Opening.

All members of Franchisee's Management Staff and employees hired after the initial opening of the Restaurant must attend and successfully complete the training program prescribed by Famous Dave's in writing or in the Standard Operating Procedures/Training Manual(s). Franchisee's newly-hired Management Staff members must successfully complete the training program prior to managing Franchisee's Restaurant. If any Management Staff member or employee fails to successfully complete the required training program, then Franchisee will not permit that Management Staff member or employee to participate in the operation of Franchisee's Restaurant.

14.3 Required Training of New Personnel.

The initial training program for new employees of the Restaurant hired after the initial opening of the Restaurant will be conducted in accordance with the Famous Dave's standard training program at a certified training Restaurant designated by Famous Dave's. Franchisee will be responsible for all Salaries and Benefits, Travel Expenses and other related expenses incurred by the new Management Staff member or employee while attending training.

14.4 Additional Training.

Franchisee, Franchisee's Management Staff and other employees of Franchisee may be required by Famous Dave's to attend, at Franchisee's expense, additional training on the dates scheduled by Famous Dave's at the Restaurant, or another location designated by Famous Dave's, on topics to be determined by Famous Dave's if Franchisee's Restaurant fails to meet certain performance standards established by Famous Dave's or Famous Dave's otherwise determines, in its sole discretion, that additional training is necessary or required. Franchisee may also request that one or more members of Franchisee's Management Staff undergo additional training on the dates scheduled by Famous Dave's, at Franchisee's cost. Whether the additional training is required by Famous Dave's or requested by Franchisee, Franchisee will pay Famous Dave's the then-current Per Diem Training Fee for each trainer provided by Famous Dave's, will pay Famous Dave's for the training tools and materials provided by Famous Dave's in conjunction with such additional training, and if the additional training is provided at the Restaurant, will reimburse Famous Dave's for the Travel Expenses of the trainers provided by Famous Dave's. Franchisee will pay the amounts owed to Famous Dave's pursuant to this provision within 10 days after receipt of an invoice indicating the amount owed.

14.5 Payment of Salaries and Expenses.

Franchisee will pay all Travel Expenses and the Salaries and Benefits for all employees who attend any Famous Dave's training program on behalf of Franchisee.

14.6 Opening Assistance.

If this Agreement is for Franchisee's first Famous Dave's® Restaurant, then Famous Dave's will, at Franchisee's expense, provide two captains and such other training personnel as Famous Dave's determines (the "Opening Team") to assist Franchisee in: (a) implementing the Restaurant System at Franchisee's Famous Dave's® Restaurant, and (b) training Franchisee's staff and kitchen employees. The Opening Team will be present at Franchisee's Restaurant for a minimum of 14 consecutive days. Franchisee will pay Famous Dave's 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 weeks prior to the date that the Opening Team arrives at the Restaurant, Franchisee will pay

to Famous Dave's 50% of the estimated Travel Expenses (as determined by Famous Dave's) and 50% of the prorated Salaries and Benefits for the Opening Team. Upon completion of the Opening Team's assistance, Famous Dave's will send Franchisee an invoice for the actual amount of remaining Travel Expenses and prorated Salaries and Benefits still owed by Franchisee. Franchisee will pay this invoice within 30 days after receipt. If this Agreement is for the second or a subsequent Restaurant to be opened by Franchisee or a Controlled Entity, then Franchisee 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 Famous Dave's for the opening of the second or a subsequent Restaurant will be determined by Famous Dave's, in its sole discretion, and if applicable, Franchisee will pay Famous Dave's the then-current Per Diem Training Fee for each Opening Team member who provides opening assistance at the Restaurant, and will reimburse Famous Dave's for the Travel Expenses and Salaries and Benefits of the Opening Team members provided by Famous Dave's for the opening of Franchisee's Restaurant. Franchisee will pay the amounts owed to Famous Dave's pursuant to this provision within 10 days after receipt of an invoice indicating the amount owed.

14.7 Release and Indemnification.

Franchisee and its Owners hereby waive any right to sue for damages or other relief, and release all known and unknown claims they may allegedly have against Famous Dave's and/or any of its current and former Affiliates and their respective past and present owners, employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "Training" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. Franchisee and the Owners agree to hold Famous Dave's, its Affiliates and their employees, agents, officers and directors harmless for any claims or damages incurred by Franchisee, the Owners or any of their Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. Franchisee, the Management Staff and all employees or persons who attend and participate in the Training on behalf of Franchisee will sign the documentation required by Famous Dave's or an Affiliate as a condition to their attendance at, participation in and successful completion of the Training. Franchisee acknowledges that any training or assistance provided by Famous Dave's will be for the purpose of instructing Franchisee and its employees in compliance with the Restaurant System and delivery of products and services to Franchisee's customers in a manner that creates a uniform customer experience and maintains the System's high standards of quality, appearance, and service.

ARTICLE 15 OTHER OBLIGATIONS OF FAMOUS DAVE'S

Consistent with Famous Dave's uniformity requirements and quality standards, Famous Dave's will: (a) provide Franchisee with a written schedule of all Foods, Beverages, and Products sold or used by all Famous Dave's® Restaurants, and the FF&E and supplies required for the operation of Franchisee's Restaurant; (b) provide Franchisee with a list of approved suppliers for the Foods, Beverages, and Products for Franchisee's Restaurant; (c) make available to Franchisee basic accounting and business procedures for use by Franchisee in its Restaurant; (d) make advertising and marketing recommendations to Franchisee; (e) visit and review Franchisee's Restaurant as often as Famous Dave's deems necessary and render written reports to Franchisee deemed appropriate by Famous Dave's; (f) protect, police and, when appropriate, enforce the Marks for the benefit of all Famous Dave's® developers or franchisees in the manner deemed appropriate by Famous Dave's; (g) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos, or commercial symbols for use in connection with the Restaurant System as deemed appropriate by Famous Dave's; (h) upon the reasonable written request of Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of Franchisee's Restaurant; (i) provide Franchisee with a sample of the standard Famous Dave's® menu, and all modifications to the menu; and (j) provide Franchisee access to a copy of the Standard Operating

Procedures/Training Manual(s) together with all supplements that may be published by Famous Dave's. If Franchisee requests that Famous Dave's provide a consultant to assist and advise Franchisee on management and operations issues at the Franchised Location, then Franchisee will pay the Travel Expenses and per diem fees charged by Famous Dave's for each consultant.

ARTICLE 16 ASSIGNMENT

16.1 Assignment by Famous Dave's.

Franchisee agrees and affirms that Famous Dave's may, without Franchisee's prior consent, sell Famous Dave's business, assets, or Restaurant System, in whole or in part, to a third-party; may issue a public offering of Famous Dave's securities; may engage in private placement of some or all of Famous Dave's securities; may merge with or acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Famous Dave's has the right, now and in the future, without Franchisee's prior consent, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of such franchise network, chain or business, which Franchisee acknowledges may be proximate to the Franchised Location, and to operate, franchise or license such franchise networks, chains or businesses operating under the Marks or any other marks following Famous Dave's purchase, merger, acquisition or affiliation. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages against Famous Dave's arising from or related to the loss of Franchisee's rights to use the Restaurant System as authorized under this Agreement.

This Agreement will inure to the benefit of Famous Dave's successors and assigns. In conjunction with one (1) or more of the transactions contemplated above, or as otherwise determined by Famous Dave's, Famous Dave's has the right to assign its rights and obligations under this Agreement to any person or entity, without Franchisee's prior consent. Upon such assignment, Famous Dave's will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

16.2 Assignment by Individual Franchisee.

If Franchisee is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of Franchisee, this Agreement may be Assigned or bequeathed by Franchisee to any designated person or beneficiary (the "Beneficiary") without the payment of any Assignment Fee and without complying with Article 20. However, the Assignment of this Agreement to Franchisee's Beneficiary will be subject to the applicable provisions of Article 16.3 and will not be valid or effective until Famous Dave's has received the properly executed legal documents which its attorneys deem necessary to document the Assignment of this Agreement. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement, must personally guarantee this Agreement, and must successfully complete the appropriate training program. There will be no charge to the Beneficiary for attending the training program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Beneficiary. In addition, this Agreement may be Assigned to an Entity without the payment of an Assignment Fee and without complying with Article 20 if Franchisee is an individual, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

16.3 Assignment by Franchisee.

Subject and conditioned upon the provisions, requirements and obligations set forth in Article 20 giving Famous Dave's an option to purchase, Franchisee will not Assign any interest in or any part of this Agreement, the Restaurant or the income derived therefrom to any person or Entity without the prior written approval of Famous Dave's. Famous Dave's will not withhold its written consent to any Assignment of

this Agreement, if the Assignment does not violate any of the terms of this Agreement, if Famous Dave's does not exercise its rights under Article 20 of this Agreement, and if Franchisee and/or the assignee franchisee are in full compliance with the following terms and conditions: (a) Franchisee has provided written notice to Famous Dave's of the proposed Assignment of this Agreement at least 45 days prior to the transaction; (b) all of Franchisee's monetary obligations due to Famous Dave's have been paid in full, and Franchisee is not otherwise in default under this Agreement or any other agreement by and between Franchisee or its affiliate(s) and Famous Dave's or its affiliate(s); (c) Franchisee has agreed in writing to observe all applicable provisions of this Agreement, including, without limitation, the covenants not to compete contained in this Agreement; (d) Franchisee has executed a general release, in a form satisfactory to Famous Dave's, of any and all claims against Famous Dave's and its current and past officers, directors, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, Franchisee's purchase of the Franchise or the operation of the Restaurant including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that Famous Dave's may exclude from the coverage of the release any prior or concurrent written agreements for other Famous Dave's® Restaurants owned by Franchisee; (e) the assignee franchisee has demonstrated to the satisfaction of Famous Dave's that he, she, or it meets the managerial, financial, business, ethical and other standards required by Famous Dave's for new franchisees, possesses a good business reputation and credit rating, and that its management possesses the aptitude and ability to operate the Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the assignee franchisee, all of the assignee franchisee's Owners, and the assignee franchisee's Personal Guarantors execute the legal agreements required by Famous Dave's or its legal counsel to document the Assignment of this Agreement to the assignee franchisee including Famous Dave's then-current standard franchise agreement (for the remaining Term of the Agreement) and related documents as determined by Famous Dave's in its sole discretion; (g) the assignee franchisee has purchased or leased the Franchised Location for a term consistent with the remaining Term; (h) the assignee franchisee has purchased or otherwise acquired a valid liquor license (if applicable) and a valid food service license for the Restaurant at the Franchised Location; (i) the assignee franchisee and its Management Staff have successfully completed the training program required under this Agreement; (j) assignee franchisee agrees to complete all remodeling and improvements as required by Famous Dave's, and must upgrade the point-of-sale system and other equipment and devices to the then-current required point-of-sale system, equipment and devices, within the time period specified by Famous Dave's; (k) Franchisee and assignee franchisee agree not to assert any security interest, lien, right or claim now or in the future, in the Famous Dave's® Restaurant. Any security interest, lien, claim or right asserted with respect to any personal property at the Franchised Location must not include any after-acquired property and must be subject, junior and subordinate to any security interest, lien, right or claim now or in the future, asserted by Famous Dave's, its successors or assigns; (l) Franchisee agrees to complete and sign a letter of agency, letter of authorization, or equivalent and provide it to assignee franchisee so that assignee franchisee may keep the existing telephone number when the store is assigned; (m) Franchisee or assignee franchisee pay Famous Dave's the Assignment Fee pursuant to Article 16.6, if applicable; and (n) a copy of the purchase and sale agreement between the Franchisee and the assignee franchisee (or other assignor and assignee) shall be provided to Famous Dave's and provide for and require that the Restaurant shall continue to operate without interruption during the assignment. Famous Dave's may expand upon, and provide more details related to, the conditions for Assignment and Famous Dave's consent as described in this Article 16.3, and may do so in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

16.4 Assignment of Ownership Interest.

No Owner will have the right to Assign an Ownership Interest in Franchisee without the prior written approval of Famous Dave's. Famous Dave's will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement, and if Famous Dave's does not exercise its right of first refusal to acquire the Owner's Ownership Interest in Franchisee

pursuant to Article 20 of this Agreement. If the Assignment is to: (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of Franchisee, then the provisions of Articles 16.6 and 20 will not apply; however, the Owners and the new Franchisee will be required to comply with the applicable provisions of Article 16.3 and may be charged a document administration fee of Five Hundred Dollars (\$500) (“Document Administration Fee”), payable to Famous Dave’s when we must prepare an amendment to your franchise documents.

16.5 Acknowledgment of Restrictions.

Franchisee and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of Famous Dave’s, and are for the protection of Famous Dave’s, Franchisee and all other franchisees who own and operate Famous Dave’s® Restaurants. Any Assignment permitted by this Article will not be effective until Famous Dave’s receives a completely executed copy of all Assignment documents and Famous Dave’s consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be null and void.

16.6 Assignment Fee.

If this Agreement is Assigned in whole or in part to another person or Entity, or if any of the Owners Assign any Ownership Interest in Franchisee, then except as provided for in Articles 16.2 and 16.4, Franchisee will pay Famous Dave’s, on or before the date of the Assignment, an Assignment Fee of \$5,000. The Assignment Fee is to cover the costs incurred by Famous Dave’s in connection with the Assignment and the costs to provide the initial training program to the assignee franchisee and its Management Staff. The assignee franchisee will be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all people attending the initial training program on behalf of the assignee franchisee.

16.7 Assignment to Competitor Prohibited.

Franchisee and the Owners will not Assign this Agreement or their Ownership Interests in Franchisee, the Franchise or the Restaurant to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any food service business which Famous Dave’s determines, in the exercise of its business judgment, intended to serve the same general range of consumer demand for food service (regardless of menu) as a Famous Dave’s® Restaurant. If Famous Dave’s refuses to permit an Assignment of this Agreement under this provision, then the only remedy of Franchisee and the Owners will be to have the Arbitrators determine whether the proposed assignee owns or operates a food service business and whether Famous Dave’s has exercised its business judgment in accordance with this Agreement.

16.8 Compliance with Agreement.

(a) In all cases, a Proposed Transferee (as defined in Section 20.2) must meet all of Famous Dave’s then-current requirements for any potential new franchisee as determined by Famous Dave’s in exercise of its business judgment, and must have provided Famous Dave’s with all financial, operational, background, and other information regarding the assignee as Famous Dave’s reasonably requests consistent with Famous Dave’s procedures for review and evaluation of a proposed franchisee. No proposed Assignment will be implemented unless all amounts Franchisee owed to Famous Dave’s or any Affiliate and to all Franchisee’s suppliers, employees, and other creditors have been paid in full. If Franchisee is not in compliance with this Agreement or any other agreement with Famous Dave’s or any Affiliate, appropriate arrangements must be made to insure that funds needed to achieve prompt material compliance with all contractual obligations will be available to the Proposed Transferee. In the exercise of Famous Dave’s business judgment, Famous Dave’s may establish any other conditions relating to the proposed Assignment before approval is granted.

(b) A Proposed Transferee must execute Famous Dave's then-current form of franchise agreement including then-applicable fees and franchisee obligations as well as any additional documents customarily executed by a Proposed Transferee, modified to reflect that the term is only the remainder of the term stated in this Agreement, plus such other modifications that are needed in order to reflect the transfer, but such then-current form of franchise agreement may otherwise differ from this Agreement, including higher fees and training obligations then comparable to other current Famous Dave's® franchise agreements.

ARTICLE 17 TERMINATION BY FAMOUS DAVE'S

17.1 Immediate Termination By Famous Dave's.

Notwithstanding any other provisions of this Article 17 or this Agreement, Famous Dave's will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if Franchisee:

(a) or any of its current directors, officers, or majority Owners are convicted of, or plead guilty or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on Franchisee's right or ability to operate the Restaurant or could have a material adverse effect on the Marks and/or Franchisee's Restaurant;

(b) is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Franchisee and Franchisee is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or Franchisee files for bankruptcy or is adjudicated as bankrupt under applicable state or federal law;

(c) makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(d) voluntarily or otherwise Abandons the Restaurant;

(e) fails or refuses to provide the Financial Records and other materials requested by Famous Dave's to substantiate Franchisee's Financial Statements or to produce and permit Famous Dave's to audit Franchisee's Financial Records;

(f) is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from Famous Dave's;

(g) Franchisee violates any provision, term or condition of this Agreement three or more times during any 12-month period, without regard to whether (i) the violations were of a similar or different nature, (ii) the violations were corrected by Franchisee, or (iii) the corrections of the violations occurred after Franchisee's receipt of written notice from Famous Dave's of the violations; or

(h) an Affiliate of Franchisee breaches any other agreement Franchisee has with Famous Dave's or an Affiliate of Famous Dave's where Franchisee or its Affiliate has no right to receive an opportunity to cure the breach or the breach is not capable of being cured.

17.2 Other Termination Rights – No Opportunity to Cure.

In addition to its other rights of termination contained in this Agreement and rights existing under common law, Famous Dave's will have the right to terminate this Agreement, unless precluded by applicable law, without being required to afford Franchisee an opportunity to correct the breach, if:

(a) any required or other financial, personal, or other information provided by Franchisee to Famous Dave's is materially false, misleading, incomplete, or inaccurate;

(b) RESERVED;

- (c) Franchisee has not obtained a valid license for the service of food for its Restaurant from the appropriate governmental agencies before Franchisee's Famous Dave's® Restaurant is scheduled to open for business;
- (d) Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate governmental authorities before Franchisee's Famous Dave's® Restaurant is scheduled or required to open for business;
- (e) Franchisee or any member of the Management Staff has not completed the initial training program required under this Agreement prior to the opening of the Restaurant;
- (f) Franchisee has not opened and commenced operations of its Restaurant by the Required Opening Date or, if applicable, an extension of the opening date agreed to by Famous Dave's pursuant to Article 2.8 of this Agreement;
- (g) Franchisee is in an ongoing condition of financial impairment which, in Famous Dave's business judgment, impairs Franchisee's ability to fulfill the obligations of this Agreement and there has been no evidence of satisfactory corrective action furnished to Famous Dave's within 30 days after written notice to Franchisee of Famous Dave's determination of financial impairment;
- (h) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons or Franchisee is evicted from the Franchised Location;
- (i) Franchisee's food service license or liquor license for the Restaurant is canceled for any reason;
- (j) Franchisee (i) repeatedly fails to comply with the provisions of this Agreement, whether or not subsequently cured; (ii) having twice previously cured a default of this Agreement, commits the default again; or (iii) engages in trademark misuse or otherwise materially misuse or make an unauthorized use of any of the components of the Restaurant System or commit any other act which does, or can reasonably be expected to, materially impair the goodwill or reputation associated with any aspect of the Restaurant System; or
- (k) Franchisee or any Affiliate of Franchisee breaches any other agreement Franchisee or its Affiliate has with Famous Dave's or any Affiliate of Famous Dave's under which Franchisee or its Affiliate has an opportunity to cure and Franchisee or its Affiliate fails to cure the breach within the applicable cure period.

17.3 When Termination Under Article 17.1 or 17.2 Takes Effect.

Terminations for breaches enumerated in Articles 17.1 and 17.2 above take effect immediately upon delivery of written notice of termination to Franchisee by any method, except that a termination for a breach described in Article 17.1(f) above takes effect on the first minute of the 25th hour after delivery of the written notice of termination if Franchisee fails to correct the alleged breach within 24 hours after receiving the written notice of breach. In all other cases, termination takes effect as provided in Article 17.6 below.

17.4 Other Terminations - Notice of Breach With Opportunity to Cure.

(a) Except as provided in Articles 17.1 and 17.2 above, Famous Dave's will not have the right to terminate this Agreement until: (i) written notice setting forth the alleged breach in detail has been delivered to Franchisee by Famous Dave's as set forth in Article 17.4(c) below or if Franchisee or any Affiliate of Franchisee breaches any other agreement Franchisee or its Affiliate has with Famous Dave's or any Affiliate of Famous Dave's then such breach must be cured within the applicable cure period set forth therein that agreement; and (ii) after receiving the written notice, Franchisee fails to fully correct the alleged breach within the period of time specified by applicable law.

(b) If applicable law does not specify a time period to correct an alleged breach after receipt of written notice of breach, then Franchisee will have the requisite cure periods as stated below in Article 17.4(c).

(c) Opportunity to Cure.

(i) Fourteen-Day Cure Period - Except as otherwise provided in this *Article 17.4(c)*, Franchisee will have the right to cure your default under this Agreement within fourteen (14) days after notice of default is

given by Franchisor pursuant to *Article 25*. Notwithstanding the foregoing, the following lesser periods will apply under the circumstances described:

(ii) Seven-Day Cure Period - A seven (7) day cure period will apply if you: (A) fail to timely pay the Initial Fee or any Royalty Fees, Marketing Fund Fees, rents, or any other monetary obligations or fees due and payable to Famous Dave's or an affiliated or controlled Entity of Famous Dave's pursuant to this Agreement or any other agreement; (B) fail to timely pay any of its uncontested obligations or liabilities due and owing to Famous Dave's, any affiliated or controlled Entity of Famous Dave's, the Local Advertising Association, suppliers, vendors, distributors, banks, purveyors, lessors, creditors, or to any federal, state, or municipal government; or (C) issue any check or any electronic transfer of funds initiated by Famous Dave's on Franchisee's account(s) which is dishonored because of insufficient funds (except where it is dishonored because of an error in bookkeeping or accounting) or closed accounts;

(iii) 48-Hour Cure Period – A forty-eight (48) hour cure period will apply (A) if you are in default of *Article 11* or (B) if you fail to participate in any limited time product offering, value offering, contest, promotion or charity event. You must initiate your participation in such offering, contest, promotion or event within forty-eight (48) hours and fully participate in such offering, contest, promotion or event as soon as reasonably possible, in our sole discretion, thereafter;

(iv) 24-Hour Cure Period - A twenty-four (24) hour cure period will apply to your violation of any law, regulation, order or our standards relating to health, sanitation or safety; or, if you cease to operate the Restaurant for a period of forty-eight (48) hours without our prior written consent. In addition, a twenty-four (24) hour cure period will apply if you post on any website or direct others to any site or page, post, blog or other social media site where there are posted any defamatory or offensive comments about: other franchisees; the *Famous Dave's* brand; other brands franchised by Famous Dave's or one of our affiliates; your or other franchisees' customers; any of our, your or franchisees' vendors; us or any of our affiliates; or any of our, your or franchisees' competitors;

(v) Immediate Cure Period (less than 24 hours) – An immediate cure period (less than twenty-four (24) hours) will apply if you post any content to a website in which the content includes any inappropriate public displays of affection, our or others' confidential information or materials, violations of health or safety standards, foul or obscene language, or any images of or information about any persons from whom you did not obtain prior written consent;

(d) For the purposes of this Agreement, an alleged breach of this Agreement by Franchisee will be deemed to be "cured" if Famous Dave's confirms in writing that the alleged breach has been corrected.

(e) For purposes of this Agreement, full correction of a breach is not achieved by ending non-complying conduct and requires, in addition, appropriate modifications and procedures to assure that the breach(es) will not reoccur in the future, and the foundation for trust and confidence in Franchisee's future performance of all provisions of this Agreement can be and has been restored. Franchisee agrees and acknowledges that some breaches are of a character where such restoration of trust and confidence is not possible, in which case, full correction is not possible and termination will follow.

17.5 RESERVED.

17.6 Effective Date of Termination.

Except as provided in Article 17.3, this Agreement will automatically terminate as provided in the notice of breach previously given. Famous Dave's may give further notice to Franchisee confirming the termination date. However, such notice shall not impair the effectiveness of the date as first stated in the notice of breach, and there shall be no further condition, other than the passage of the specified time, for termination to be fully effective.

17.7 Other Remedies.

Nothing in this Article will preclude Famous Dave's from seeking other relief, remedies or damages under any state or federal law, common law, or under this Agreement against Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated by Famous Dave's pursuant to this Article, or if Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Famous Dave's will be entitled to seek recovery of all damages that Famous Dave's has sustained and will sustain in the future as a result of Franchisee's breach of this Agreement, including all Royalty Fees, Marketing Fund Fees, Early Termination Damages and any other fees and amounts payable to Famous Dave's or an Affiliate for the unexpired term of this Agreement.

ARTICLE 18 TERMINATION BY FRANCHISEE

18.1 Franchisee's Right To Terminate.

Franchisee has the right to terminate this Agreement, as provided herein, if Famous Dave's violates any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to Franchisee, except that if Franchisee is in breach of a provision of this Agreement entitling Famous Dave's to termination pursuant to Article 17 of this Agreement, any claims Franchisee may assert against Famous Dave's shall be by way of counterclaim or set-off, pursuant to notice, providing the same information described in Article 18.2(a) below.

18.2 Franchisee Notice of Breach.

Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit, or proceeding against Famous Dave's for breach of this Agreement, injunctive relief, violation of any state, federal, or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, damages, or termination, unless and until: (a) written notice setting forth the alleged breach or violation in detail has been delivered to Famous Dave's by Franchisee; and (b) Famous Dave's fails to fully correct the alleged breach or violation within 30 days after receipt of the written notice. If Famous Dave's fails to fully correct the alleged breach or violation within 30 days after receiving written notice, then Franchisee will have the right to terminate this Agreement as provided for herein. For the purposes of this Agreement, an alleged breach or violation of this Agreement by Famous Dave's will be deemed to be "fully corrected" if both Famous Dave's and Franchisee agree in writing that the alleged breach or violation has been corrected. Franchisee will not unreasonably withhold its consent to a written agreement of full correction by Famous Dave's.

18.3 Arbitration Involving Termination By Franchisee.

(a) The dispute resolution provisions contained in Article 23 of this Agreement apply to terminations by Franchisee under Article 18.1 and 18.2 of this Agreement.

(b) If Famous Dave's has received a notice of breach pursuant to Article 18.2 above, and Famous Dave's gives notice of arbitration under this Agreement within 10 days thereafter in accordance with Article 23 of this Agreement, Franchisee will not have the right to terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the Arbitrator determines that Famous Dave's has breached this Agreement, and Famous Dave's fails to correct any fully-correctable breach within the required time period.

(c) If the Arbitrator determines that Famous Dave's has violated or breached this Agreement as alleged by Franchisee in the written notice given to Famous Dave's, then unless applicable law specifies otherwise, Famous Dave's will have the same number of days after the date the Arbitrator issues a written determination on the matter to fully correct the specified breach or violation of this Agreement as was originally applicable to the breach and if timely and fully corrected, this Agreement will remain in full force and effect.

(d) For the purpose of this Agreement, any controversy or dispute on the issue of whether Famous Dave's has timely and fully corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein. The time limitations set forth in this Article within which Famous Dave's may demand arbitration of a dispute or controversy relating to the right of Franchisee to terminate this Agreement for an alleged breach are of the essence and mandatory. If Famous Dave's fails to comply with the time limitations set forth in this Article, then Franchisee may terminate this Agreement as provided for herein.

18.4 Time Within Which Franchisee Must Give Notice of Breach.

Franchisee must give Famous Dave's written notice of any alleged breach or violation of this Agreement immediately after Franchisee has knowledge of, believes, determines, is of the opinion, or becomes aware of facts and circumstances reasonably indicating an alleged breach or violation of this Agreement by Famous Dave's. If Franchisee fails to give written notice to Famous Dave's as provided for herein of any alleged breach or violation of this Agreement within one year after the date that Franchisee has knowledge of, believes, determines, is of the opinion that, becomes aware or should have knowledge of facts and circumstances reasonably indicating that Franchisee may have a claim under any state law, federal law, or common law because there has been an alleged breach or violation by Famous Dave's, then the alleged breach or violation by Famous Dave's will be deemed to be condoned, approved, and waived by Franchisee, the alleged breach or violation by Famous Dave's will not be deemed to be a breach or violation of this Agreement by Famous Dave's, and Franchisee will be barred from commencing any action against Famous Dave's for that specific alleged breach or violation.

ARTICLE 19

FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

19.1 Termination of Use of Marks; Other Obligations.

If this Agreement is canceled or terminated for any reason or this Agreement expires, then Franchisee will: (a) within five days after termination, pay all fees, including all outstanding gift card liability, and other amounts payable by Franchisee to Famous Dave's under this Agreement or under any other contract, promissory note, or other obligation, including Early Termination Damages (as defined and calculated below); (b) immediately return to Famous Dave's the Standard Operating Procedures/Training Manual(s), menus, advertising materials, and all other printed materials pertaining to the Restaurant by first class prepaid United States mail; and (c) comply with all other applicable provisions of this Agreement. Upon termination or expiration of this Agreement for any reason, Franchisee's right to use "Famous Dave's®," the other Marks and the Restaurant System will terminate immediately in all respects, and Franchisee will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that Franchisee is continuing to operate as a franchisee of Famous Dave's. Without limiting the generality of the foregoing, Franchisee will immediately cease all advertising which includes any of the Marks, will delete all content containing the Marks or any references to Famous Dave's or Franchisee's Restaurant from any Home Page maintained by Franchisee, and will cease using any and all items or materials which bear or include any of the Marks.

"**Early Termination Damages**" shall be paid to Famous Dave's by Franchisee and shall be calculated as follows:

- (1) Compute the average monthly Royalty Fee and Marketing Fund 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 Royalty Fee and Marketing Fund 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.

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 Famous Dave's. Famous Dave's, Franchisee, each individual signing on behalf of Franchisee, and each guarantor guaranteeing Franchisee's obligations hereunder, hereby acknowledge and agree that Famous Dave'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 Famous Dave's estimated losses and damages due to the premature closure of the Restaurant and/or termination of this Agreement.

19.2 Alteration of Franchised Location.

If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for Franchisee's Restaurant, then within the shorter of 30 days after the date of the expiration or termination of this Agreement or as when required by the underlying lease, Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Famous Dave's® Restaurant. Franchisee hereby grants Famous Dave's and its representatives the right to enter the Franchised Location to make such modifications as required by this provision, if Franchisee fails to do so within 30 days after the expiration or termination of this Agreement.

19.3 Telephone Listings.

Upon termination or expiration of this Agreement, or if Famous Dave's acquires Franchisee's Restaurant pursuant to this Agreement, Famous Dave's will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and all classified and other directory listings for the Restaurant and to authorize the telephone company and all listing agencies to transfer to Famous Dave's or its assignee all telephone numbers and directory listings of Franchisee's Restaurant. Franchisee acknowledges and agrees that Famous Dave's has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and Franchisee hereby authorizes Famous Dave's to direct the telephone company and all listing agencies to transfer Franchisee's telephone numbers and directory listings to Famous Dave's or to an assignee of Famous Dave's, if this Agreement expires or is terminated or if Famous Dave's acquires Franchisee's Restaurant. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of Famous Dave's to such telephone numbers and directory listings and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Famous Dave's. This Agreement will constitute a release of the telephone company and listing agencies by Franchisee from any and all claims, actions, and damages that Franchisee may at any time have the right to allege against them in connection with this Article. Franchisee will execute such other documents as Famous Dave's may require to complete the transfer of the telephone numbers as contemplated herein.

19.4 Continuation of Obligations.

Any provisions contained herein which expressly or by implication are intended to survive the expiration or termination of this Agreement, including the indemnities and covenants contained in this Agreement, will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 20
OPTION OF FAMOUS DAVE'S TO PURCHASE

20.1 Scope and Applicability of Option.

Franchisee will not Assign or otherwise dispose of any interest in or any part of the Major Assets (including, but not limited to, any interest in Franchisee, this Agreement or in the Restaurant business operated pursuant to this Agreement or any interest in or right to receive all or any part of the assets, profits or income stream of the Restaurant business), other than to a relative pursuant to Article 16 of this Agreement or in the event of a death, disability or incapacity pursuant to Article 16 of this Agreement, to any purchaser without first offering the same to Famous Dave's in a written offer in accordance with this Article 20. For the purposes of this Article 20, the term Franchisee shall mean and include any Owner.

20.2 Grant of Option and Procedure for Waiver or Intention to Exercise Option.

(a) If Franchisee has received a bona fide offer within the scope of Article 20.1 above, and wishes to accept that offer, Franchisee must first give Famous Dave's written notice of that offer, including the purchase price, payment terms, and all other material terms and conditions of the proposed transaction (the "Franchisee's Offer") along with detailed identification of all proposed purchasers, acquirees or assignees (collectively, the "Proposed Transferee") and an offer to sell all assets and interests included in the Franchisee's Offer to Famous Dave's under the same terms. The Franchisee's Offer must include detail sufficient to establish that the Franchisee's Offer is in fact a good faith bona fide offer, including demonstrating to Famous Dave's reasonable satisfaction that the Proposed Transferee is financially and operationally qualified to perform all obligations under this Agreement and that the amount of consideration specified is within a reasonable range in light of all relevant facts and information. The Franchisee's Offer must also include an agreement, in a form specified by Famous Dave's, signed by the Proposed Transferee, acknowledging Famous Dave's authority to exercise its rights relating to all matters referenced in this Article 20, without incurring any form of liability or responsibility to pay damages of any type as a result of such exercise. Within ten business days after receipt of the Franchisee's Offer, Famous Dave's may make reasonable additional requests of Franchisee and the Proposed Transferee in order to satisfy itself that the offer and its terms are in fact a good faith bona fide offer.

(b) Famous Dave's will have 30 days after receipt of the Franchisee's Offer and complete responses to any additional request made pursuant to Article 20.2(a) above to give Franchisee a written notice which will either (i) state that Famous Dave's waives its option to purchase (a "Waiver Notice"), or (ii) states that it intends to exercise its rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee's Offer (the "Letter of Intent"); provided, however that the Letter of Intent may substitute equivalent cash for any noncash consideration included in such terms and may disregard any provision of the Franchisee's Offer that establishes a requirement or condition that reflects an effort by Franchisee or the Proposed Transferee to make it practically impossible for Famous Dave's to exercise its rights as intended by this Article 20. Franchisee and Famous Dave's may agree, in writing, to enlarge the times specified in Article 20.2(a) above or in this provision.

(c) In the event Famous Dave's issues a Waiver Notice, Franchisee may proceed to conclude the transaction in accordance with the terms and conditions stated in the Franchisee's Offer, subject to compliance with all other provisions of this Agreement, including without limitation the requirements outlined in Article 16, within the next 120 days. If the transaction is not concluded within this time period, or if during any negotiations with the Proposed Transferee, Franchisee agrees to negotiate, change, delete, or modify any material terms and conditions contained in the Franchisee's Offer, the option established in this Article 20 and all provisions of this Article 20 shall again be in full force and effect. If there have been negotiations between Franchisee and Famous Dave's that did not result in a closed transaction and, in subsequent negotiation with the Proposed Transferee, Franchisee agrees to changes in the terms and conditions which changes were not part of a definitive agreement or agreements proposed by Franchisee during negotiations with Famous Dave's, then Franchisee will be required to re-offer to sell the Major

Assets to Famous Dave's under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article 20.

20.3 Due Diligence Review.

If Famous Dave's has issued a Letter of Intent, then Famous Dave's will have 60 days from the date the Letter of Intent is received by Franchisee (the "Notice Date") to conduct a "due diligence" review. Franchisee will promptly provide Famous Dave's with all Financial Information, Financial Records, and other information requested by Famous Dave's or its accountants to conduct its "due diligence" review. Famous Dave's will have the absolute and unconditional right to terminate the Letter of Intent and any obligation to purchase the Major Assets from Franchisee for any reason and at any time during the 60-day "due diligence" review period by giving Franchisee written notice. The time period provided in this Article 20.3 maybe enlarged by written agreement, and will be automatically extended to account for any day or days in which Franchisee or the Proposed Transferee delay in furnishing information needed for the Famous Dave's due diligence review.

20.4 Exceptions in Specific Circumstances.

(a) Notwithstanding any other provisions of this Article 20, if the proposed transaction is in connection with a change in control or any insolvency or bankruptcy filing by Franchisee or an Owner, the Franchisee's Offer to be delivered to Famous Dave's shall include an offer to Famous Dave's to purchase all rights under this Agreement and all assets of the Restaurant business operated pursuant to this Agreement, including all tangible and intangible property, at "**Value**" as defined below, subject to acceptance and due diligence as provided in Articles 20.2 and 20.3 above. For purposes of this Agreement, the term "Value" means, subject to applicable law, an amount equal to Franchisee's cost for such assets, less depreciation and amortization using a two hundred percent (200%) declining balance method over a five (5) year period. If all, or any portion of, Franchisee's assets that are being purchased by Famous Dave's or our authorized representative are subject to lien(s), we or our authorized representative may pay, on your behalf, the lienholder(s) that portion of the purchase price for your assets (which may be the entire purchase price) that is necessary to obtain the release of those assets from the lien(s), in lieu of paying you those funds. Further, we may offset any amounts payable to you pursuant to this *Article 20.4(a)*, or otherwise pursuant to this Agreement, against any unpaid amounts payable to us or our affiliates pursuant to this Agreement or any agreement executed in connection with this Agreement.

(b) This Article does not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by Franchisee to a bank, financial institution or other lender in connection with Franchisee's financing of: (i) the real estate or leasehold improvements for the Franchised Location, (ii) the FF&E for Franchisee's Restaurant, (iii) inventory or supplies for the Restaurant, or (iv) working capital required by the Restaurant.

20.5 Documentation and Negotiations.

In all cases in which Famous Dave's has issued a Letter of Intent and is proceeding with the transaction, the transaction documents, will be prepared by Famous Dave's and will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. Closing will take place at the offices of Famous Dave's or at the Franchised Location, as determined by Famous Dave's in its sole discretion. Unless Famous Dave's terminates its Letter of Intent as provided in Article 20.4, then Franchisee or Owner and Famous Dave's will make reasonable efforts to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets. If Franchisee or Owner and Famous Dave's fail to agree on the terms and conditions for the definitive agreement after negotiations have proceeded for at least 60 days, either party may terminate the proposed transaction by giving the other party(ies) five days prior written notice.

20.6 Negotiated Changes with Purchaser.

If Famous Dave's does not purchase the Major Assets from Franchisee under the terms and conditions contained in the Franchisee's Offer, then if during any negotiations with the purchaser Franchisee agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Franchisee's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by Franchisee during negotiations that were not acceptable to Famous Dave's, then Franchisee will be required to re-offer to sell the Major Assets to Famous Dave's under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article 20.

20.7 Acknowledgment of Restrictions.

Franchisee and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and are necessary to protect the Restaurant System and the Marks, as well as the reputation and image of Famous Dave's, and are for the protection of Famous Dave's, Franchisee and all other franchisees who own and operate Famous Dave's® Restaurants. Any Assignment permitted by this Agreement will not be effective until Famous Dave's receives a completely executed copy of all Assignment documents and Famous Dave's consents to the Assignment in writing. Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay all fees and to operate the business as a Famous Dave's® Restaurant, will in no way be affected or changed because of non-acceptance by Famous Dave's of the Franchisee's Offer and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Famous Dave's not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant Franchisee the right to terminate this Agreement and will not affect the Term. Moreover, if Famous Dave's does not exercise the option to purchase granted to it pursuant to this Article and if Franchisee sells or otherwise disposes of any of its Major Assets to a third party, then both Franchisee and the purchaser will be required to comply in all respects with the terms and conditions of Article 16 of this Agreement. Any Assignment of the Major Assets of Franchisee's Restaurant that does not include an Assignment of this Agreement to the assignee will constitute a wrongful termination of this Agreement by Franchisee.

20.8 General Release.

In connection with any proposed Assignment, Franchisee and each Owner and Personal Guarantor (if any) pursuant to this Agreement must sign a general release of Famous Dave's and its past and present Affiliates of all claims arising out of or relating to this Agreement, to the Restaurant business being operated pursuant to this Agreement, and to all aspects of each of their business relationship with Famous Dave's and its past and present Affiliates, in the reasonable form Famous Dave's then designates, releasing Famous Dave's, its past and present Affiliates and any related parties from all claims up to the date the proposed Assignment is effected or if the proposed Assignment is terminated, Franchisee must sign a release of all claims relating in any way to the failure of the proposed Assignment to proceed.

20.9 Bankruptcy Issues.

If Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Assignment of Franchisee's obligations and/or rights hereunder, any Major Assets, or any indirect or direct interest in Franchisee will be subject to all of the provisions of this Article.

ARTICLE 21
FRANCHISEE'S COVENANTS NOT TO COMPETE

21.1 Consideration.

As noted in Article 7.2 above, Franchisee, the Owners and the Personal Guarantors acknowledge that Franchisee, its Owners, partners or officers, and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Famous Dave's pertaining to the Restaurant System and the operation of the Famous Dave's® Restaurant. In consideration for this information, Franchisee, the Owners, and the Personal Guarantors agree to the provision restricting competition during and after the termination or expiration of this Agreement as set forth Articles 21.2 and 21.3 of this Agreement.

21.2 In-Term Covenant Not to Compete.

Franchisee, the Owners and the Personal Guarantors will not, during the Term, on their own account or as an employee, agent, consultant, Affiliate, licensee, partner, officer, director, or Owner of any other person, firm, Entity, partnership, or corporation, 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 Famous Dave's determines, in the exercise of its business judgment, serves the same general range of consumer demand (regardless of menu) as comparable to that served by a Famous Dave's® Restaurant, except with the prior written consent of Famous Dave's as provided for in Article 7.2.

21.3 Post-Term Covenant Not to Compete.

(a) Franchisee, the Owners and the Personal Guarantors 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 (i) for a period of one 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 Famous Dave's determines, in the exercise of its business judgment, serves the same general range of consumer demand (regardless of menu) as comparable to that served by a Famous Dave's® Restaurant which is located within five miles of the Franchised Location, within five miles of any other Famous Dave's® Restaurant, or within any territory granted by Famous Dave's or any Affiliate of Famous Dave's or pursuant to an Area Development Agreement or other territorial agreement, and (ii) for a period of two years after the termination or expiration of this Agreement, own, operate, lease, franchise, conduct, engage in, be connected with, a food service business that is reasonably expected to derive, or does derive 15% or more of its gross income from the sale of food items featuring either smoked or barbecued food, if such business is located within five miles of the Franchised Location.

(b) Franchisee, the Owners, and the Personal Guarantors expressly agree that: (i) the time, geographical and product limitations set forth in this provision are reasonable and necessary to protect Famous Dave's 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 Famous Dave's intellectual property and proprietary rights and give Famous Dave's the opportunity to resell and/or develop a new Famous Dave's® Restaurant at or in the area near the Franchised Location; and (iii) the time period described in this Article 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.

21.4 Ownership of Public Companies.

Notwithstanding the provisions of Articles 21.2 and 21.3, passive ownership of a financial interest in the securities of a publicly-held business that constitutes 3% or less of that publicly-held entity shall not constitute a violation of Articles 21.2 and 21.3.

21.5 Injunctive Relief.

Franchisee, the Owners, and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interest of Famous Dave's and its developers and franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional, and other confidential information to competitors of Famous Dave's and its developers and franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the Restaurant System, preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. Franchisee, the Owners, and the Personal Guarantors also agree that damages alone cannot adequately compensate Famous Dave's if there is a violation of this Article by Franchisee, the Owners, or the Personal Guarantors, and that injunctive relief against Franchisee is essential for the protection of Famous Dave's and its developers and franchisees. Franchisee, the Owners, and the Personal Guarantors agree therefore, that if Famous Dave's alleges that Franchisee, the Owners, or the Personal Guarantors have breached or violated this Article, then Famous Dave's will have the right to petition a court of competent jurisdiction for injunctive relief against Franchisee, the Owners, and the Personal Guarantors, in addition to all other remedies that may be available to Famous Dave's. Famous Dave's will not be required to post a bond or other security for any injunctive proceeding. If Famous Dave's is granted ex parte injunctive relief against Franchisee, Franchisee's Owners, or the Personal Guarantors, then Franchisee, the Owners, or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

21.6 Effect of Local Law.

In the event the provisions of Articles 21.2 or 21.3 are deemed to conflict with applicable law, such provisions shall be revised by Famous Dave's and Franchisee so as to provide the maximum protection allowed to Famous Dave's under applicable law.

ARTICLE 22 INDEMNIFICATION

22.1 Indemnification.

Famous Dave's will not be obligated to any person or Entity for any damages arising out of, from, in connection with, or as a result of Franchisee's activities under this Agreement or the operation of Franchisee's Restaurant. *Therefore, except as provided for in Article 13.6, Franchisee will indemnify and hold Famous Dave's harmless against, and will reimburse Famous Dave's for, all damages for which Famous Dave's is held liable and for all costs incurred by Famous Dave's in the defense of any claim or action brought against Famous Dave's arising in whole or in significant part from, in connection with, out of, or as a result of actions, inactions, negligence and/or wrongdoing by Franchisee or Franchisee's employees, agents or representatives, the operation of Franchisee's Restaurant, the activities conducted under this Agreement or in connection with Franchisee's Restaurant and business including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses. Franchisee will indemnify Famous Dave's, without limitation, for all claims and damages arising in whole or in significant part from, out of, in connection with, or as a result of the following claims, regardless of whether any such claim is brought by franchisee or any other party: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of Franchisee or its employees, agents or representatives; (b) any failure on the part of Franchisee to comply with any requirement of any laws or any governmental authority; (c) any failure of Franchisee to pay any of its obligations to any person or Entity; (d) any failure of Franchisee to comply with any requirement or condition of this Agreement or any other agreement with Famous Dave's; (e) any misfeasance or malfeasance by Franchisee or Franchisee's employees, agents or representatives; and (f) any tort committed by Franchisee or its employees, agents or representatives. Additionally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of your or your affiliate's employees in any private or government investigation, action,*

proceeding, arbitration, or other setting, you irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of your employees). Franchisee will not be obligated to indemnify Famous Dave's for any claims or damages to the extent they are found to be separately attributable to, arising out of, from, in connection with, or as a result of any negligence or wrongdoing by Famous Dave's. Famous Dave's will have the right to defend any claim made against it arising from, as a result of, in connection with or out of the operation of Franchisee's Restaurant; however, Franchisee must reimburse Famous Dave's upon demand for the costs and expenses of such defense.

22.2 Payment of Costs and Expenses; Continuing Obligations.

Franchisee will pay all attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses) incurred by Famous Dave's if Famous Dave's prevails in any action: (a) it commences or defends to enforce any term, condition, or provision of this Agreement, or (b) to enjoin any violation of this Agreement by either Famous Dave's or Franchisee. These indemnification provisions and the other obligations contained in this Agreement will continue in full force and effect after the expiration or termination of this Agreement.

ARTICLE 23 COMMUNICATION; DISPUTE RESOLUTION

23.1 Dispute Resolution.

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 23 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.

23.2 Confidentiality.

All evidence, testimony, records, documents, findings, decisions, judgments, and awards pertaining to any arbitration hearing between Famous Dave's and Franchisee will be secret and confidential in all respects. Except as may be required by applicable law or regulation, Famous Dave's and Franchisee will not disclose the decision or award of the Arbitrator and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or Entity except as required by law. Nothing herein will prevent either party from disclosing or using any information presented in any

arbitration proceeding in any subsequent court hearing brought by either Franchisee or Famous Dave's pursuant to this Agreement.

23.3 Performance During Arbitration of Disputes; Survival of Obligations.

Famous Dave's and Franchisee will each fully perform their obligations under this Agreement during the entire arbitration process. Famous Dave's and Franchisee acknowledge and agree that this Article 23 will survive the termination or expiration of this Agreement.

23.4 Statute of Limitations and Limitation of Franchisor Liability.

a. 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 the parties hereby waive any right to bring any such action after such two (2)-year period, except for the collection of any unpaid Royalty Fee, Advertising Fee, and any other amount due to us or our affiliates.

b. **YOU HEREBY WAIVE THE RIGHT TO SEEK OR COLLECT PUNITIVE, MULTIPLE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING ARBITRATION. YOU HEREBY FURTHER WAIVE THE RIGHT, IF ANY, OF ANY ASSOCIATION OR MEMBERSHIP GROUP TO ASSERT CLAIMS ON YOUR BEHALF IN ANY ACTION.**

c. **YOU HEREBY WAIVE THE RIGHT TO ANY DAMAGES IN CONNECTION WITH OR RESULTING FROM THE WRONGFUL ISSUANCE OF AN INJUNCTION.**

d. The parties agree that the maximum damages that you may recover in connection with a wrongful termination of your franchise and this Agreement will be an amount equal to the product of:

(i) the annual net profit (as defined below) multiplied by the lessor of:

(a) The number of full years existing between the date on which the franchise and this agreement were wrongfully terminated and the date on which the Term would have otherwise expired; or

(b) Three.

For purposes of this Agreement, the term "net profit" means an amount equal to the net profits of your Franchised Business, as reflected on your tax return filed with the Internal Revenue Service prior to such termination; provided, however, that if such tax return reflects the operations of your Franchised Business for a period less than one (1) year, such net profits will be annualized based upon the net profits reflected in such tax return.

ARTICLE 24 ENFORCEMENT

24.1 Injunctive Relief.

Famous Dave's will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) Franchisee's use of the Marks or the Restaurant System; (b) the obligations of Franchisee upon termination or expiration of this Agreement; and (c) Franchisee's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete.

24.2 Business Judgment.

In connection with any dispute, mediation or court proceedings, Famous Dave's and Franchisee, on behalf of themselves and all Affiliates, mediators, Arbitrators, judges or others involved in the dispute resolution process agree and are affirmatively advised that certain provisions of this Agreement reflect the right of Famous Dave's to take (or refrain from) certain actions in the exercise of its business judgment, based on its assessment of the long-term interest of Famous Dave's, the Restaurant System, and the network of Famous Dave's® Restaurants. Where such discretion is shown to have been exercised, it is agreed that neither a mediator, Arbitrator, nor a judge shall substitute his or her judgment for the judgment so exercised by Famous Dave's. The foregoing reference to Famous Dave's exercise of its business judgment is intended to establish a standard under which such judgment is subject to review in order to determine whether it reflects a business judgment exercised with a reasonable basis and not as a matter of pretext or caprice, and to provide that, if that standard has in fact been met, such judgment is to be respected and not overturned.

24.3 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Famous Dave's is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

24.4 Waiver.

Famous Dave's and Franchisee may, by written instrument signed by Famous Dave's and Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Famous Dave's of any payment or partial payment by Franchisee and the failure, refusal, or neglect of Famous Dave's to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations hereunder will not constitute a waiver by Famous Dave's of any provision of this Agreement. Famous Dave's will have the absolute right to waive obligations or restrictions for other franchisees under their franchise agreements without waiving those obligations or restrictions for Franchisee and, except to the extent provided by law, Famous Dave's will have the right to negotiate terms and conditions, grant concessions, and waive obligations for other franchisees without granting those same rights to Franchisee and without incurring any liability to Franchisee whatsoever.

24.5 Payments to Famous Dave's.

Franchisee will not, on grounds of the alleged nonperformance by Famous Dave's of any of its obligations under this Agreement, any other contract between Famous Dave's and Franchisee, or for any other reason, withhold payment of any fees or payments due Famous Dave's pursuant to this Agreement or any other contract with Famous Dave's. Franchisee will not have the right to "offset" or withhold any liquidated or unliquidated amounts, damages, or other funds allegedly due to Franchisee by Famous Dave's against any fees or payments due to Famous Dave's by Franchisee. Famous Dave's will have the right to deduct from amounts payable to Franchisee by Famous Dave's or an Affiliate any fees or other payments owed to Famous Dave's, an Affiliate or a third party. Famous Dave's will also have the right to apply the fees and other payments made to Famous Dave's by Franchisee in such order as Famous Dave's may designate from time to time. As to Franchisee and its Affiliates, Famous Dave's will have the right to: (a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment

is designated by Franchisee, except that Marketing Fund Fees may only be credited to the Fund; (b) set off, from any amounts that may be owed by Famous Dave's, any amount owed to Famous Dave's, the Fund or any other fund or account; and (c) retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers or otherwise, as a payment against any fee or payment owed to Famous Dave's. Famous Dave's will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Famous Dave's and/or any Affiliate.

24.6 Effect of Wrongful Termination.

If either Famous Dave's or Franchisee takes any action to terminate this Agreement or Franchisee takes any action to convert its Restaurant to another business, and such actions were taken without first complying with the terms and conditions of this Agreement, including Article 17 or Article 18 of this Agreement, as applicable, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

24.7 Miscellaneous.

The rights of Famous Dave's hereunder are cumulative and no exercise or enforcement by Famous Dave's of any right or remedy hereunder will preclude the exercise or enforcement by Famous Dave's of any other right or remedy hereunder or which Famous Dave's is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns, and successors in interest. If Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

24.8 Construction To Perfect Nature and Purpose of Agreement.

In any instance where a term or provision of this Agreement requires construction by a court or an Arbitrator, construction shall reflect the objectives of the parties as stated in Article 1 of this Agreement. No ambiguity or other reason for construction shall be based on the identity of the party drafting this Agreement or any part thereof.

24.9 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit, or construe the contents of such Articles. The term "Franchisee" as used herein is applicable to one or more individuals, a corporation, or a partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Franchisee," "assignee" and "transferee" which are applicable to an individual or individuals means the Owner or Owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is a corporation or partnership.

ARTICLE 25 NOTICES

25.1 Notices.

Unless otherwise provided in this Article 25, all notices specified by this Agreement or required by law must be in writing and given by personal delivery, sent by carrier (i.e., FedEx[®], UPS[®], etc.), U.S. certified mail, return receipt requested. Notices will be conclusively deemed to be given, delivered, and effective when sent pre-paid and actually left in the custody of an adult agent, employee or resident at a place of business or residence if given by personal delivery; or if given by carrier, twenty-four (24) hours after deposited with carrier, or if by U.S. certified mail, three (3) days after deposited with the U.S. Postal Service. Notwithstanding anything contained in this Agreement to the contrary, Famous Dave's may give Franchisee written notice via email to an email address Franchisee provides us regarding all notices specified by this Agreement or required

by law, with such email notification to be deemed received by Franchisee twenty-four (24) hours after Famous Dave's sends it, unless Franchisee otherwise earlier acknowledges receipt.

25.2 Address for Notices.

All notices permitted or required to be delivered pursuant to this Article must be delivered to us at the address set forth below or to such other address as we may designate in writing from time to time in accordance with this *Article 25.2*. All notices to you may be given at the address set forth below, at the address of the Franchised Location, at Franchisee's residence (if an individual), or at the residence of Franchisee's principal shareholder(s), partner(s), or member(s) (if a business entity), or such other address (including electronic mail address) as Franchisee may designate in writing. For avoidance of doubt, Franchisee has an affirmative obligation to promptly notify Famous Dave's pursuant to this Article 25 whenever Franchisee's mailing address, phone number or email address change.

If to Famous Dave's: Famous Dave's of America, Inc.
Attn: Legal Department
12701 Whitewater Drive, Suite 290
Minnetonka, Minnesota 55343-4164

With a copy to: 9311 East Via De Ventura
Scottsdale, Arizona 85258
Attn: Legal Department

If to Franchisee: FRANCHISEE ENTITY, a[n] _____
Attn: _____

Telephone No. _____
Email(s): _____

**ARTICLE 26
ACKNOWLEDGMENTS; DISCLAIMERS**

26.1 Disclaimer.

Famous Dave's does not warrant or guarantee that Franchisee will derive income or profit from its Restaurant. Famous Dave's will *not* refund all or any part of the Initial Fee paid by Franchisee or repurchase any of the Foods, Beverages, and Products, technology, or FF&E supplied or sold by Famous Dave's or by an approved or designated supplier if Franchisee is in any way unsatisfied with its Restaurant. Famous Dave's expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Revenues, economics, business, or financial success, or value of Franchisee's Restaurant except as specifically contained in Famous Dave's Franchise Disclosure Document received by Franchisee.

26.2 Acknowledgments by Franchisee.

Franchisee acknowledges that it has conducted an independent investigation of the Franchise and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurant involve business and economic risks. Franchisee acknowledges that the financial, business, and economic success of Franchisee's Restaurant will be primarily dependent upon the personal efforts of Franchisee, its management and employees, on economic conditions in the area where the Franchised Location is located, and economic conditions in general. Franchisee acknowledges that it has not received any estimates,

projections, representations, warranties, or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurant, or other economic matters pertaining to Franchisee's Restaurant from Famous Dave's or any of its representatives or agents that were not expressly set forth in Famous Dave's Franchise Disclosure Document, or if not expressly set forth therein, that were inconsistent with the information therein ("Representations"). Franchisee further acknowledges that if it had received any such Representations, it would have not executed this Agreement, promptly notified the President of Famous Dave's in writing of the person or persons making such Representations, and provided to Famous Dave's a specific written statement detailing the Representations made.

26.3 Other Franchisees.

Franchisee acknowledges that other Famous Dave's® franchisees have or will be granted franchises at different times, different locations, under different economic conditions, and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

26.4 Time is of the Essence.

Franchisee acknowledges and agrees that TIME IS OF THE ESSENCE with respect to the performance of its obligations under this Agreement.

ARTICLE 27 GOVERNING LAW; STATE MODIFICATIONS

27.1 Governing Law; Severability.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) and the Federal Arbitration Act, this Agreement and the relationship between Famous Dave's and Franchisee will be governed by the laws of the state in which the Franchised Location is located, irrespective of any conflict of laws. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by Franchisee and Famous Dave's.

27.2 Applicable State Laws.

As of the Effective Date, the following states have statutes which may supersede the provisions of this Agreement in Franchisee's relationship with Famous Dave's in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in Franchisee's relationship with Famous Dave's in the areas of termination and renewal of the Franchise.

27.3 State Law Modifications.

If in accordance with Article 27.1, this Agreement is governed by the laws of California, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement are amended and revised to comply with that state's law as shown in the applicable State Law Addendum attached to this Agreement and signed by both Famous Dave's and Franchisee.

ARTICLE 28 DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

28.1 Abandon.

“Abandon” means the conduct of Franchisee indicating the willingness, desire, or intent of Franchisee to discontinue operating its Famous Dave’s® Restaurant in accordance with the quality standards, uniformity requirements, and the Restaurant System as described in this Agreement and the Standard Operating Procedures/Training Manual(s) including, but not limited to, the failure of Franchisee to operate the Restaurant for five or more consecutive days without the prior written approval of Famous Dave’s or any shorter period of time after which Famous Dave’s determines that Franchisee does not intend to continue operating the Restaurant, or the failure to remain open for business during specified business hours.

28.2 Affiliate.

“Affiliate” will mean any individual or Entity who/that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with Famous Dave’s or Franchisee, as applicable.

28.3 Arbitrator.

“Arbitrator” means an arbitrator acting in accordance with the provisions of Article 23 of this Agreement.

28.4 Area Development Agreement.

“Area Development Agreement” means the agreement entered into between Famous Dave’s and Franchisee granting Franchisee, or an Entity owned by Franchisee, and/or the Owners of Franchisee (referred to as the Area Developer in the Area Development Agreement), the right to develop the Restaurant at the Franchised Location pursuant to the terms of this Agreement.

28.5 Assign or Assignment.

“Assign” or “Assignment” means sale, assignment, pledge, bequeath, trade, transfer, lease, or sublease.

28.6 Competitive Business.

“Competitive Business” has such meaning as is set forth in Article 7.2(b) of this Agreement.

28.7 Confidential and Proprietary Information.

“Confidential and Proprietary Information” has such meaning as is set forth in Article 9.3 of this Agreement.

28.8 Designated Market Area.

“Designated Market Area” or “DMA” means each television market exclusive of another based upon a preponderance of television viewing hours as defined by the A.C. Nielsen ratings service or such other ratings service as may be designated by Famous Dave’s.

28.9 Develop.

“Develop,” for the purposes of Article 2.3 of this Agreement, means to franchise, license, own, manage, or operate.

28.10 Dollars.

“Dollars” means United States of America dollars.

28.11 Entity.

“Entity” means a corporation, limited liability company, partnership, limited partnership, or any other type of legal entity formed in compliance with applicable law.

28.12 FF&E.

“FF&E” means furniture, fixtures, and equipment.

28.13 Financial Records.

“Financial Records” means all accounting records and ledgers maintained in a written form, on a computer disk or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and related detailed supporting documentation.

28.14 Financial Statements.

“Financial Statements” means a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

28.15 Foods, Beverages, and Products.

“Foods, Beverages, and Products” means the authorized foods, food items, meats, vegetables, alcoholic and non-alcoholic beverages, menu items, proprietary sauces, seasonings, spices, recipe ingredients, disposable and table top items, clothing, products, merchandise and services that are specified in the Standard Operating Procedures/Training Manual(s) from time to time and may be added to or deleted from in Famous Dave’s sole discretion, or otherwise approved by Famous Dave’s in writing that are: (a) used in the operation of the Restaurant, (b) used in the preparation and/or offering for sale of any foods or food items, and/or (c) offered for sale to customers of the Restaurant.

28.16 Franchise.

“Franchise” means the right granted by Famous Dave’s to Franchisee under this Agreement authorizing Franchisee to operate a Famous Dave’s® Restaurant at the Franchised Location in conformity with the Restaurant System using the name “Famous Dave’s®” and the other Marks.

28.17 Franchised Location.

“Franchised Location” means the address, city, and state of Franchisee’s Famous Dave’s® Restaurant set forth in Exhibit A to this Agreement.

28.18 General Manager.

“General Manager” means the individual responsible for the overall management and operation of the Famous Dave’s® Restaurant including, but not limited to, administration, basic operations, marketing, customer and community relations, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation, and maintenance of the Franchised Location.

28.19 Lease.

“Lease” means the written lease agreement and related documents signed by Franchisee for the Franchised Location.

28.20 Major Assets.

“Major Assets” means: (a) Franchisee’s Restaurant; (b) the Franchised Location; (c) the Lease for the Franchised Location; (d) the material portion of FF&E, inventory, point of sale system, customer lists, and all other assets used in Franchisee’s Restaurant; (e) this Agreement; (f) any Ownership Interest in

Franchisee; (g) all FF&E leases, (h) the land, building and related real estate used for Franchisee's Restaurant, if the land, building and real estate are owned by Franchisee; or (i) the right to receive a portion of the income or profits generated from any of the above, other than bona fide percentage rent obligations contained in the Lease.

28.21 Marks.

"Marks" includes the name "Famous Dave's®," the phrases "May You Always Be Surrounded by Good Friends®," "All American BBQ Feast®," "Golden Spit Roasted®," "Real Honest Barbeque®" and such other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans, and tag lines as Famous Dave's has or may develop for use in connection with Famous Dave's® Restaurants.

28.22 Month.

"Month" means the period of time or dates for each calendar year specified by Famous Dave's in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

28.23 Multi-Unit Manager.

"Multi-Unit Manager" means the individual meeting the requirements of Article 2.6 of this Agreement who devotes his or her full time and best efforts to the operation of the Restaurant and the other Famous Dave's® Restaurants developed pursuant to the Area Development Agreement with Famous Dave's.

28.24 Revenue Report.

"Revenue Report" means the written or electronic record, in the form designated in the Standard Operating Procedures/Training Manual(s), used to report the daily and weekly Revenues and other specified financial information for Franchisee's Famous Dave's® Restaurant.

28.25 Standard Operating Procedures/Training Manual(s).

"Standard Operating Procedures/Training Manual(s)" or "Manuals" means the confidential and copyrighted standard operations and training manuals and other training and operational materials developed by Famous Dave's and loaned to Franchisee pursuant to this Agreement via any reasonable method, including online or electronically.

28.26 Operating Partner.

"Operating Partner" means the individual designated by Franchisee as required by Article 2.5 of this Agreement.

28.27 Owner.

"Owner" means any person or Entity who owns: (a) any shares of capital stock in Franchisee if Franchisee is a corporation, (b) any membership interests in Franchisee if Franchisee is a limited liability company, (c) partnership interests in Franchisee if Franchisee is a partnership, (d) any limited or general partnership interests if Franchisee is a limited partnership, and (e) any other kind or type of Ownership Interest in Franchisee.

28.28 Ownership Interests.

"Ownership Interests" means: (a) capital stock if Franchisee is a corporation, (b) membership interest if Franchisee is a limited liability company, (c) partnership interest if Franchisee is a partnership, (d) limited or general partnership interests if Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in Franchisee.

28.29 Per Diem Training Fee

"Per Diem Training Fee" will mean the current daily fee charged by Famous Dave's for each employee or independent contractor of Famous Dave's who provides any training, coaching, consulting and/or

instructing services or any opening or operational assistance or other services to Franchisee pursuant to the terms of this Agreement. The amount of the Per Diem Training Fee will be the amount specified in the most current publication and update of the Standard Operating Procedures/Training Manual(s) or as otherwise specified in writing or on-line by Famous Dave's, and the amount of the Per Diem Training Fee may be increased from time to time, at the sole option of Famous Dave's, to account for inflation, increased costs and other economic conditions.

28.30 Personal Guarantors.

"Personal Guarantor(s)" means the individual(s) who sign the Personal Guaranty attached to this Agreement.

28.31 Required Opening Date.

"Required Opening Date" means no later than eighteen (18) months after the Effective Date, unless you obtain a written extension of this time period from us.

28.32 Restaurant System.

"Restaurant System" has the meaning set forth in Article 1.1 of this Agreement.

28.33 Revenues.

"Revenues" means the total dollar gross income of any kind or description received by Franchisee, directly or indirectly, from the operation of Franchisee's Restaurant and from any other form of activity related to Franchisee's Restaurant or the Marks. It includes, but is not limited to, all cash and credit sales made by Franchisee of every kind and nature made at, from, by, or in connection with Franchisee's Restaurant including, but not limited to, all dollars and income received from and/or sale of: (a) foods, food products and food items, whether prepared in the Restaurant or pre-packaged; (b) alcoholic and non-alcoholic beverages and drinks; (c) any and all goods, products or items sold under any of the Marks; (d) admission or cover charges; (e) vending machines, telephones and electronic and other amusement games; (f) slot machines, and gaming machines; (g) lotteries, lottery tickets and pull tabs; (h) hats, sweatshirts, T-shirts, jackets, clothing, music CDs and other merchandise sold from the Franchised Location or as part of the operation of the Franchise; (i) cigars, cigarettes, tobacco products, candies and gum; (j) banquets; (k) catering; (l) carry-out items; (m) any and all other foods, food items, beverages, merchandise, and products; (n) all off-premises sales of foods, food products, and all other products and services offered in connection with Franchisee's Restaurant; (o) the redemption of gift cards by Franchisee's Restaurant; and (p) any business interruption insurance payments made to Franchisee by an insurance company. "Revenues" will not include the amount of any sales, use, or gross receipts tax imposed by any federal, state, municipal, or governmental authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by Franchisee; the amount of all discounts and coupons which are taken or redeemed at Franchisee's Restaurant provided, that a specific record is made of the amount of the reduction in the menu price as a result of such discount taken or coupon redeemed; the sale of gift cards by Franchisee's Restaurant; the one-time sale of any FF&E or any inventory items to a purchaser; and the amount of all employee meal discounts (e.g., manager meals) taken by employees at Franchisee's Restaurant, provided that a specific record is made of the amount of the reduction in menu price as a result of such discount.

28.34 Salaries and Benefits.

"Salaries and Benefits" means the salaries, fringe benefits, including life insurance, medical insurance, and retirement plans, payroll taxes, unemployment compensation, workers' compensation insurance, and all other expenses related to employment.

28.35 Travel Expenses.

“Travel Expenses” means all costs incurred for airfare, travel, transportation, food, lodging, telephone, automobile rental, and all related travel expenses.

28.36 Week.

“Week” or “weekly” means a period of seven consecutive days from Monday through Sunday.

ARTICLE 29 INTEGRATED AND COMPLETE AGREEMENT

29.1 No Oral Representations or Agreements.

Famous Dave’s and Franchisee each acknowledge and agree that each intends to have all terms of this business relationship defined in this Agreement, except to the extent that this business relationship is also defined in any Area Development Agreement and other agreements related to the operation of Famous Dave’s® Restaurants entered into by the Parties (collectively, “Related Agreements”). Neither Famous Dave’s nor Franchisee intend to enter into a business relationship under terms and obligations created by alleged oral statements or under which oral statements serve as the basis for rights or obligations different from or supplementary to the rights and obligations set forth in this Agreement or in any Area Development Agreement signed by the Parties, as either may be amended in writing from time to time hereafter, or in documents whose terms have been expressly incorporated by reference under Articles of this Agreement. Accordingly, Famous Dave’s and Franchisee acknowledge and agree that this Agreement and any Related Agreements supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Famous Dave’s or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent of such terms) with respect to the Franchise, the Restaurant and the Restaurant System or the relationship between the Parties. Famous Dave’s and Franchisee each agrees that it has placed, and will place, no reliance on any such discussions or writings.

29.2 Entire Agreement.

This Agreement, including any and all exhibits and attachments hereto, constitutes the entire agreement between the Parties, containing all of the terms, conditions, rights and obligations of the Parties with respect to the Franchise, the Restaurant and the Restaurant System or to any other aspect of the relationship between the Parties, except to the extent that such relationship and the Restaurant System are addressed in the Related Agreements. In the event of a conflict between the terms and conditions of this Agreement and those of a Related Agreement, this Agreement shall prevail. No change, modification, amendment or waiver of any of the provisions of this Agreement will be effective and binding upon Famous Dave’s or Franchisee unless in writing, specifically identified as an amendment to this Agreement, and signed by the Parties.

29.3 Documents Incorporated By Reference.

The mandatory terms (as opposed to terms that reflect optional standards and best practices) of the Standard Operating Procedures/Training Manual(s) establishing obligations of Franchisee, as the Manuals may be amended from time to time, shall be considered to be incorporated in this Agreement as if set forth herein in full text.

29.4 Other Writings Not Part of Agreement.

Famous Dave’s and Franchisee recognize that from time to time during the Term, there will be written correspondence between them. Except as provided herein, Famous Dave’s and Franchisee agree that other writings, including internal policy statements reflecting the current practices of Famous Dave’s not

otherwise stated in the Standard Operating Procedures/Training Manual(s) do not constitute a part of this Agreement and do not create contract rights or obligations.

29.5 No Future Promises.

No future agreements for exclusive territories, business relationships or any other business activities have been promised to Franchisee, and no such exclusive territories, business relationships or any other business activities shall come into existence, except by means of a separate writing signed by the Parties and specifically identified as such.

[Signature pages follow]

IN WITNESS WHEREOF, Famous Dave's, Franchisee, and the Owners have respectively signed this Agreement effective as of the Franchise Agreement Effective Date.

FAMOUS DAVE'S OF AMERICA, INC.

By _____

Print Name

Its _____

FRANCHISEE

Legal Business Name

By _____

Print Name

Its _____

Each of the undersigned Owners hereby agree to be bound by the terms and conditions of this Agreement that are specifically or by their nature applicable to each one of the Owners, which in no event will limit any of the obligations undertaken by each of the Owners under this Agreement, in any other capacity, or under any other agreement or personal or other guaranty.

<u>In the Presence of:</u>	<u>Names of Owners:</u>	<u>Percentage of Ownership:</u>
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
	Total	<u>100%</u>

Operating Partner:

Name

Address

City, State, Zip Code

Telephone

Cell Phone

Email Address

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this “Personal Guaranty”) is made and entered into as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and each one of the undersigned personal guarantors (the “Personal Guarantors”).

WHEREAS, Famous Dave’s and _____ (“Franchisee”) have entered into a Franchise Agreement effective as of the Effective Date for the operation of a franchised Famous Dave’s® 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 Famous Dave’s, 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 Famous Dave’s the Initial Fee, Royalty Fees, Marketing Fund Fees and all other fees and monies due and payable to Famous Dave’s under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by Franchisee from Famous Dave’s or any Affiliate of Famous Dave’s.

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 Famous Dave’s or any Affiliate of Famous Dave’s, whether for the Initial Fee, Royalty Fees, Marketing Fund Fees, goods or services purchased by Franchisee from Famous Dave’s or any Affiliate of Famous Dave’s, or for any other indebtedness of Franchisee to Famous Dave’s or any Affiliate of Famous Dave’s, 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 Famous Dave’s or any Affiliate of Famous Dave’s upon default by Franchisee.

Liability. Upon demand by Famous Dave’s, 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 Famous Dave’s.

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.

PERSONAL GUARANTORS

Signature

Signature

Print Name

Print Name

Address

Address

City, State and Zip Code

City, State and Zip Code

Telephone

Telephone

Signature

Signature

Print Name

Print Name

Address

Address

City, State and Zip Code

City, State and Zip Code

Telephone

Telephone

**EXHIBIT A
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT**

ADDRESS OF FRANCHISED LOCATION:

Street

City, State, Zip Code _____

Addition Franchised Location Information
(if applicable)

TERRITORY (if applicable):

The territory is defined as follows (as illustrated on the attached map): _____

FAMOUS DAVE'S OF AMERICA, INC.

	Legal Name of Franchisee
By _____	By _____
Signature	Signature
_____	_____
Print Name	Print Name
Its _____	Its _____
Title	Title

Map of Territory

**EXHIBIT B
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT**

Sample Form of Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Franchise Development

The undersigned hereby authorizes Famous Dave's of America, Inc. its affiliate(s) or agents, ("Famous Dave's"), to initiate monthly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fund Fees, or other amounts that become payable by the undersigned to Famous Dave's. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Famous Dave's.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** Attach VOIDED Check ***

Bank Name	Account Name
Branch	Street Address
Street Address	City State Zip Code
City State Zip Code	Telephone Number
Bank Telephone Number	By
Bank's Routing Number	Its
Customer's Account Number	Date

**EXHIBIT C
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT**

**Form of
ADDENDUM TO LEASE**

THIS ADDENDUM TO LEASE (this "Addendum") is dated _____, 20 ____, and is entered into is by and between:

Franchisee/Lessee: _____ ("Lessee")

Street Address: _____

City, State: _____

and

Lessor: _____

Street Address: _____

City, State: _____

Location: _____

Lease Agreement Date: _____

Effective as of the Effective Date of the Franchise Agreement

WHEREAS, Lessee and Lessor have entered into a Lease Agreement on the date and for the location identified above (the "Lease"), in conjunction with the opening or continuation of a Famous Dave's® restaurant (the "Famous Dave's® Restaurant" or the "Restaurant") under a Franchise Agreement between Lessee and Famous Dave's of America, Inc. (the "Franchise Agreement"); and

WHEREAS, Lessee has requested and Lessor has agreed to incorporate certain provisions into the Lease as required by the terms of the Franchise Agreement.

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

1. **USES:** Lessee shall occupy and use the premises during the term of the Lease only as a Famous Dave's® Restaurant.

2. **TRADE FIXTURES:** Lessee is and shall be permitted to install and use in the leased premises any and all fixtures and equipment customary or necessary to the operation of a Famous Dave's® Restaurant, including, but not limited to, movable sinks and partitions, carpets, counters, shelves, and accessories and products used in connection therewith. All of such fixtures and equipment shall remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed in, attached to or affixed to the premises.

3. **SIGNS:** Lessee is hereby given the right, at Lessee's expense, to install and maintain during the term of the Lease, and any extension of the term hereof, a sign or signs advertising Lessee's business in, on or about the leased premises, subject to Lessor's prior approval (not to be unreasonably withheld) and Lessee's compliance with all applicable governmental regulations and receipt of all requisite permits, at Lessee's sole cost and expense. Lessor agrees that the signs may at Lessee's discretion be the maximum size permitted by local code. The signs shall at all times remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed on, attached to or affixed to the premises, provided Lessee shall promptly repair any and all damage caused by such removal. If Lessor fails to approve Lessee's signage, Lessee may cancel the Lease and receive any monies theretofore paid to Lessor.

4. **GRACE PERIODS:** Lessee shall not be deemed in default or breach hereof or hereunder unless Lessee shall fail to pay the rent within ten (10) days after the receipt of written notice, and as to any other term, provision, condition or covenant hereof, unless Lessee shall fail to cure or reasonably commence to cure said default or breach within thirty (30) days after written notice from Lessor to Lessee specifying said default or breach.

5. **SUBORDINATION:** Lessor shall use reasonably commercial efforts to deliver to Lessee before commencement, from each mortgagee (including trustee of a trust deed) and ground lessor of real estate including, in whole or in part, the leased premises, a subordination and non-disturbance agreement in mortgagee's standard form providing that this Lease and Lessee's right to possession of the leased premises shall not be disturbed by such mortgagee or ground lessor or any other person or party claiming under or through such mortgagee or ground lessor, provided that Lessee continues to observe and perform Lessee's obligations under the Lease and pay rent to whomsoever may be lawfully entitled to the same from time to time.

6. **DEFAULT/ASSIGNMENT:** Lessor agrees that in the event of default by Lessee under the terms and conditions of the Lease, Lessor will permit the Lease to be assumed by Famous Dave's of America, Inc. or its designee, on the same terms and conditions contained herein. Lessor agrees to give notice to Famous Dave's of America, Inc. of any default by Lessee under the terms and conditions of the Lease and to give Famous Dave's of America, Inc. thirty (30) days written notice to cure such default and to permit Famous Dave's of America, Inc., at its sole discretion, to assume the Lease for the remainder of the term herein, and to exercise any renewal options. Lessor further agrees that in the event that Lessee's Franchise Agreement should terminate for any reason, upon receipt by Lessor of notice to that effect from Famous Dave's of America, Inc., Lessor will permit Famous Dave's of America, Inc. to enter the premises and to become the lessee or to designate another successor lessee under the same terms and conditions contained in the Lease. Famous Dave's of America, Inc. will have the option, but not the obligation, to exercise the assumption rights granted to it under this provision of this Addendum. Lessee specifically agrees that Lessor will transfer the Lease to Famous Dave's of America, Inc. or its designee upon Famous Dave's of America, Inc.'s notice to Lessor of intent to assume the Lease.

7. **ESTOPPEL:** Lessor will promptly upon request of Famous Dave's of America, Inc. deliver to Lessee, Famous Dave's of America, Inc., or such other party as Famous Dave's of America, Inc. may designate: (i) written confirmation (a) that the Lease is in full force and effect without modification or amendment, and (b) that Lessee is not in default under the terms of the Lease, and/or (ii) such other information, documents, confirmations and/or certifications regarding the Lease as may be reasonably requested by Famous Dave's of America, Inc. (or, to the extent that Lessor is unable to comply, identifying with particularity the reasons why compliance with Famous Dave's of America, Inc.'s request is not possible). Lessor shall comply with this paragraph of this Addendum at no charge to Lessee or Famous Dave's of America, Inc.

8. **LIEN WAIVER:** Lessor shall have no lien upon the assets of Lessee. Lessor waives any statutory “landlord’s lien” on the assets of Lessee. Upon request, Lessor will execute and deliver to Lessee or to Famous Dave’s of America, Inc. a waiver of lien waiver or other acknowledgment that Lessor has no lien on the assets of Lessee.

9. **REPORT OF SALES:** Lessor is authorized to provide and disclose to Famous Dave’s of America, Inc., upon its request, sales and other information furnished to Lessor by Lessee.

10. **INSPECTION:** Lessor shall permit representatives of Famous Dave’s of America, Inc. to enter upon the premises during regular business hours for the purposes of conducting inspections of Lessee’s Famous Dave’s® Restaurant.

11. **NOTICES:** Copies of all notices to be sent to or served upon Lessee shall be also served or mailed to Famous Dave’s of America, Inc., 12701 Whitewater Drive, Suite 290, Minnetonka, MN 55343-4164, with a copy to 9311 E. Via De Ventura, Scottsdale, Arizona 85258, Attn: Legal Department.

12. **CONFLICT:** If there is any conflict between a provision of the Lease and a provision of this Addendum, then the applicable provision of this Addendum will supersede the conflicting provision in the Lease.

13. **ACKNOWLEDGMENTS:** Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate the Restaurant, and Lessee would not lease the Restaurant premises without this Addendum. Lessor further acknowledges that Lessee is not an agent or employee of Famous Dave’s of America, Inc. and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Famous Dave’s of America, Inc. or any Affiliate of Famous Dave’s of America, Inc., and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Famous Dave’s of America, Inc. or any Affiliate of Famous Dave’s of America, Inc., unless and until the Lease is assumed and accepted in writing by, Famous Dave’s of America, Inc. or a designee of Famous Dave’s of America, Inc.

14. **THIRD PARTY BENEFICIARY:** Famous Dave’s of America, Inc. is an express third party beneficiary of this Addendum and the Lease and may, directly or indirectly, enforce any right of Famous Dave’s of America, Inc. or Lessee hereunder.

15. **MODIFICATIONS:** The provisions of the Lease and/or this Addendum will not be modified, amended, extended, assigned or terminated without the prior written consent of Famous Dave’s of America, Inc.

The parties are signing this Addendum as of the date first above written.

LESSOR:

LESSEE:

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT D
TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT

Form of
CLOUD KITCHEN ADDENDUM

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc. (“Famous Dave’s”) and _____ (“Franchisee”), and the undersigned Owners.

WHEREAS, Famous Dave’s and Franchisee entered into that certain Franchise Agreement as of the Effective Date (the “Franchise Agreement”), pursuant to which Franchisee was granted the right and undertook the obligation to open and operate a Famous Dave’s® franchised cloud kitchen restaurant within the territory, if applicable, as specified in the Franchise Agreement.

WHEREAS, Famous Dave’s and the Franchisee agree to amend and revise certain provisions of the Franchise Agreement to account for the differences between the cloud kitchen concept and the other types of Restaurants listed in Section 1.4 of the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions; Background.** Capitalized terms used and not defined in this Addendum have the respective meanings assigned to them in the Franchise Agreement. The introductory recitals of this Addendum are incorporated by reference as if fully set forth herein.

2. **Initial Fee.** Section 4.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee will pay Famous Dave’s a non-refundable Initial Fee of \$10,000 at the time this Agreement is signed by Franchisee and Famous Dave’s.

3. **Alcoholic Beverages; Liquor Liability Insurance.** Article 7.11 of the Franchise Agreement is deleted in its entirety and replaced with the following:

If permitted in accordance with all applicable federal, state, city, local and municipal laws and regulations, Franchisee may offer and sell beer, wine and other alcoholic beverages, including hard liquor and mixed drinks, from its Restaurant via delivery and/or to-go services. Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the sale of alcoholic beverages by Franchisee; and (b) the liquor liability insurance requirements set forth in this Agreement.

4. **Limitation on Foods, Beverages, and Products.** The last sentence in Article 8.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee will only sell the Foods, Beverages, and Products on a delivery and to-go basis and will not offer or sell the Foods, Beverages, and Products: (a) on a

retail eat-in or take-out basis; (b) on a wholesale or retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing; and (d) by any other method distribution.

5. **Delivery.** Article 8.2 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee will enter into arrangements with third party delivery service partners (each, a “DPS”) who will conduct the delivery services to locations within the geographic area permitted by each DSP’s, whether for a fee or not, and/or provide self-delivery services with Famous Dave’s prior written consent and in accordance with Operating Procedures/Training Manual(s) or as Famous Dave’s otherwise specifies in writing within the territory, of all Foods, Beverages, and Products offered for sale by Franchisee’s Restaurant; provided, that Franchisee may also provide catering services not involving individual consumer orders, in compliance with the provisions of Famous Dave’s Standard Operating Procedures/Training Manual(s). In the event that Famous Dave’s enters into a master service agreement with a third-party delivery service (each, a “Delivery Provider”), and you wish to utilize that Delivery Provider’s services, then we or the Delivery Provider may require you to sign a participation agreement with that Delivery Provider, and you must comply with the terms of such participation agreement.

6. **Customer Reservations.** The last sentence in Article 7.5 regarding reservations and seating at the Restaurant is hereby deleted in its entirety.

7. **Opening Assistance.** The first two sentences of Article 14.6 of the Franchise Agreement are deleted in their entirety and replaced with the following:

If this Agreement is for Franchisee’s first Famous Dave’s® Restaurant, then Famous Dave’s will, at Franchisee’s expense, provide franchise business consultant and such other training personnel as Famous Dave’s determines (the “Opening Team”) to assist Franchisee in: (a) implementing the Restaurant System at Franchisee’s Famous Dave’s® Restaurant, and (b) training Franchisee’s staff and kitchen employees. The Opening Team will be present at Franchisee’s Restaurant between 7 and 14 consecutive days depending on the service model of the Restaurant.

8. **Termination.** Article 17.2(d) of the Franchise Agreement regarding failure to obtain a liquor license is deleted in its entirety and replaced with the following:

Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate governmental authorities before Franchisee offers or sells any alcoholic beverages from Franchisee’s Famous Dave’s® Restaurant;

9. **Post-Term Obligations.** Article 21.3 of the Franchise Agreement regarding post-term covenant not to compete is amended so that the phrase “5 miles” is replaced with “10 miles”.

10. **Dispute Resolution.** This Addendum shall be governed by the dispute resolution provisions set forth in the Franchise Agreement.

11. **Counterparts.** This Addendum may be executed in counterparts, and the body of this document, together with all attached signature pages, will constitute one and the same agreement.

12. **Franchise Agreement Not Otherwise Altered.** Except as expressly set forth in this Addendum, the terms and conditions of the Franchise Agreement will remain in full force and effect and will not be changed or altered by the execution of this Addendum.

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 will be effective as of the Franchise Agreement Effective Date.

FAMOUS DAVE’S:

Famous Dave’s of America, Inc.

FRANCHISEE:

By _____

By _____

Its _____

Its _____

EXHIBIT E
TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT

Form of
ADD-ON GHOST KITCHEN ADDENDUM

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc. (“Famous Dave’s”) and _____ (“Franchisee”), and the undersigned Owners.

WHEREAS, Famous Dave’s and Franchisee entered into that certain Franchise Agreement effective as of the Effective Date (the “Franchise Agreement”), pursuant to which Franchisee was granted the right and undertook the obligation to open and operate a Famous Dave’s® franchised add-on ghost kitchen Restaurant located at a [BRAND] restaurant located at _____ (the “Existing Business”), which Franchisee owns and operates under the legal entity [LEGAL ENTITY] (“Existing Affiliate”) within the territory, if applicable, as specified in the Franchise Agreement.

WHEREAS, Famous Dave’s and the Franchisee agree to amend and revise certain provisions of the Franchise Agreement to account for the differences between the add-on ghost kitchen concept and the other types of Restaurants listed in Section 1.4 of the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions; Background.** Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Franchise Agreement. The introductory recitals of this Addendum are incorporated by reference as if fully set forth herein.

2. **Acknowledgments.** Nothing in the Franchise Agreement or this Addendum permits Franchisee to grant or assign any of Franchisee’s rights or obligations under the Franchise Agreement to [BRAND] or Existing Affiliate, or either of their affiliates, successors, or assigns. Franchisee shall be prohibited from using in connection with the Existing Business Famous Dave’s® Marks, Restaurant System, or any Famous Dave’s® products, packaging or privately-labeled items. Except for offering and selling the approved food, products, and services at the Existing Business, Franchisee is prohibited from using in [BRAND] trademarks, service marks, or logos, or any [BRAND] products, packaging or privately-labeled items connection with the Restaurant.

3. **Initial Fee.** Article 4.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee will pay Famous Dave’s a non-refundable Initial Fee of \$10,000 at the time this Agreement is signed by Franchisee and Famous Dave’s.

4. **Revenue Reports and Financial Statements.** Article 4.2 of the Franchise Agreement is supplemented to add the following new Section 4.2(e):

(e) Upon written request by Famous Dave's, Franchisee shall provide Famous Dave's with Revenue Reports for Franchisee's Existing Business.

5. **Financial Statements.** Article 6.1 of the Franchise Agreement is supplemented to provide that upon written request by Franchisor, Franchisee will, at its expense, prepare monthly, quarterly and year-to-date Financial Statements with respect to its Existing Business.

6. **Identification of Restaurant.** The first sentence in Article 7.3 of the Franchise Agreement, specifically the one that states, "Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Famous Dave's® Restaurant" is hereby deleted and replaced with the following:

Due to the fact the Restaurant is being operated out of Franchisee's Existing Business, Franchisee must use and display the Marks at the Restaurant in accordance with the Operating Procedures/Training Manual(s) in order for customers to easily and quickly identify that Foods, Beverages, and Products are sold at the Restaurant and/or where to pick up to-go Foods, Beverages, and Products orders at the Restaurant, however, Franchisee shall still advertise the Restaurant so that it is clearly advertised as a Famous Dave's® Restaurant.

7. **Alcoholic Beverages; Liquor Liability Insurance.** Article 7.11 of the Franchise Agreement is deleted in its entirety and replaced with the following:

If permitted in accordance with all applicable federal, state, city, local and municipal laws and regulations, Franchisee may offer and sell beer, wine and other alcoholic beverages, including hard liquor and mixed drinks, from its Restaurant via delivery and/or to-go services. Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the sale of alcoholic beverages by Franchisee; and (b) the liquor liability insurance requirements set forth in this Agreement.

8. **Limitation on Foods, Beverages, and Products.** The last sentence in Article 8.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee will only sell the Foods, Beverages, and Products on a delivery and to-go basis and will not offer or sell the Foods, Beverages, and Products: (a) on a retail eat-in or take-out basis; (b) on a wholesale or retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing; and (d) by any other method distribution.

9. **Delivery.** Article 8.2 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Franchisee will enter into arrangements with third party delivery service partners (each, a "DPS") who will conduct the delivery services to locations within the geographic area permitted by each DSP's, whether for a fee or not, and/or provide self-delivery services with Famous Dave's prior written consent and in accordance with Operating Procedures/Training Manual(s) or as Famous Dave's otherwise specifies in writing within the territory, if applicable, of all Foods, Beverages, and Products offered for sale by Franchisee's Restaurant; provided, that Franchisee may also provide catering services not involving individual consumer orders, in compliance with the provisions of Famous Dave's Standard Operating

Procedures/Training Manual(s). In the event that Famous Dave's enters into a master service agreement with a third-party delivery service (each, a "Delivery Provider"), and you wish to utilize that Delivery Provider's services, then we or the Delivery Provider may require you to sign a participation agreement with that Delivery Provider, and you must comply with the terms of such participation agreement.

10. **Customer Reservations.** The last sentence in Article 7.5 regarding reservations and seating at the Restaurant is hereby deleted in its entirety.

11. **Site Selection; Purchase or Lease of Site.** If Franchisee already has an executed and current lease for the Existing Business, then:

a. Article 10.1(b) of the Franchise Agreement is deleted;

b. The second sentence in Article 10.1(C), specifically the one that states, "Franchisee agrees that it will not sign the Lease until this Agreement has been signed by both Franchisee and Famous Dave's and the Lease contains the terms required under this provision" is deleted;

c. Article 10.2 of the Franchise Agreement is deleted in its entirety and replaced with the following new language:

Franchisee will provide the information as may be specified by Famous Dave's in writing for the proposed site, in the exercise of its business judgment. Such information may include submission of preliminary set of building plans in electronic or computerized formats specified by Famous Dave's and final drawings including all furniture, furnishings, fixtures and equipment installed in the Restaurant, before opening. Famous Dave's reserves the right to visit the proposed site to evaluate and approve how to-go services will be operated and that the kitchen layout meets Famous Dave's then-current standards for a ghost kitchen. Review of any site information and/or any visits by Famous Dave's to a proposed site does not constitute an approval of the site by Famous Dave's or a warranty or representation by Famous Dave's or any other party that the site for the Franchised Location chosen by Franchisee will be a financial or operational success. Any issuance of a no-objection letter by Famous Dave's means only that it has received the site information required from Franchisee and Famous Dave's has no objections to the Franchised Location.

d. The Lease Addendum attached as Exhibit C to the Franchise Agreement is deleted.

12. **Approved Signage.** The first sentence of Article 10.2 is deleted in its entirety and replaced with the following:

All exterior and interior signs at the Franchised Location that use or display any Marks (the "Signs") must comply with the standard sign plans and specifications established by Famous Dave's and provided to Franchisee.

13. **Telephone Lines.** Franchisee will not be required to maintain and use a telephone line that is used solely for the Restaurant and not the Existing Business as long as Franchisee advertises that all

telephone numbers for the Existing Business can also be used to order Foods, Beverages, and Products, and customers can in fact use those same telephone numbers to order Foods, Beverages, and Products.

14. **Email Address.** Franchisee must obtain and use an email address described in Article 11.3 of the Franchise Agreement that is used solely for the Restaurant and not for the Existing Business.

15. **Opening Assistance.** The first two sentences of Article 14.6 of the Franchise Agreement are deleted in their entirety and replaced with the following:

If this Agreement is for Franchisee's first Famous Dave's® Restaurant, then Famous Dave's will, at Franchisee's expense, provide franchise business consultant and such other training personnel as Famous Dave's determines (the "Opening Team") to assist Franchisee in: (a) implementing the Restaurant System at Franchisee's Famous Dave's® Restaurant, and (b) training Franchisee's staff and kitchen employees. The Opening Team will be present at Franchisee's Restaurant between 7 and 14 consecutive days depending on the service model of the Restaurant.

16. **Termination.** Article 17.2(d) of the Franchise Agreement regarding failure to obtain a liquor license is deleted in its entirety and replaced with the following:

Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate governmental authorities before Franchisee offers or sells any alcoholic beverages from Franchisee's Famous Dave's® Restaurant;

17. **Post-Term Obligations.** Article 21.3 of the Franchise Agreement regarding post-term covenant not to compete is amended so that the phrase "5 miles" is replaced with "10 miles".

18. **Dispute Resolution.** This Addendum shall be governed by the dispute resolution provisions set forth in the Franchise Agreement.

19. **Counterparts.** This Addendum may be executed in counterparts, and the body of this document, together with all attached signature pages, will constitute one and the same agreement.

20. **Franchise Agreement Not Otherwise Altered.** Except as expressly set forth in this Addendum, the terms and conditions of the Franchise Agreement will remain in full force and effect and will not be changed or altered by the execution of this Addendum.

[Signatures Appear on Following Page]

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 will be effective as of the Franchise Agreement Effective Date.

FAMOUS DAVE’S:

FRANCHISEE:

Famous Dave’s of America, Inc.

By _____

By _____

Its _____

Its _____

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF CALIFORNIA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, effective as of the Franchise Agreement Effective Date (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. The provisions of the Franchise Agreement giving Famous Dave’s the right to terminate in the event of Franchisee’s bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

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

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF HAWAII) (“Addendum”) as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement (“Addendum Effective Date”) to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between _____ (“Franchisee”) and FAMOUS DAVE’S OF AMERICA, INC., a Minnesota corporation (“Franchisor”) [and LEASING ENTITY, a[n] _____ “Sublessor”] 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.

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:

FRANCHISEE:

**FAMOUS DAVE'S OF AMERICA, INC., a
Minnesota corporation**

By: _____
[Name, Title]

By: _____
[Name, Title]

By: _____
[Name, Title]

[SUBLESSOR:

By: _____
[Name, Title]

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF ILLINOIS**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n)

_____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

1. Any provision of the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.
2. Any condition, stipulation or provision of the Franchise Agreement requiring Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act is void; therefore, the acknowledgments contained in Article 26 of the Franchise Agreement may be unenforceable against Franchisee.
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

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

This ADDENDUM TO FRANCHISE DOCUMENTS (FOR THE STATE OF INDIANA) (“Addendum”) effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement (“Addendum Effective Date”) to the [Franchise Agreement[, as amended], [Consent to Transfer and Release Agreement,] [General Release,] [Promissory Note and Security Agreement] [Sublease] [each] effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, and including any and all exhibits attached thereto (individually and collectively, “Franchise Documents”) between _____ (“Franchisee”) and FAMOUS DAVE’S OF AMERICA, INC., a Minnesota corporation (“Franchisor”) [and LEASING ENTITY, a[n] _____ “Sublessor”] 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:

**FAMOUS DAVE'S OF AMERICA, INC., a
Minnesota corporation**

By: _____
[Name, Title]

By: _____
[Name, Title]

[SUBLESSOR:

_____,

By: _____
[Name, Title]

By: _____
[Name, Title]]

**ADDENDUM TO FAMOUS DAVE’S OF AMERICA, INC. FRANCHISE AGREEMENT
FOR STATE OF MARYLAND**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

1. Any release executed by Franchisee in accordance with Article 16.3(d) of the Franchise Agreement will not relieve Famous Dave’s of any liability under the Maryland Franchise Registration and Disclosure Law.
2. The consent by Franchisee to jurisdiction and venue in the State of Minnesota contained in Article 24.10 of the Franchise Agreement may be inapplicable; provided, however, that such inapplicability in the State of Maryland will not be construed to mean that venue in the State of Minnesota is improper, or that Franchisee, its officers, directors, Owners and the Personal Guarantors are not subject to jurisdiction in Minnesota, or in any other state.
3. 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.
4. The acknowledgments made by Franchisee contained in Article 26 of the Franchise Agreement will not be construed to act as a waiver of Franchisee’s rights under the Maryland Franchise Registration and Disclosure 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.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

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
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF MINNESOTA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

1. Article 3.1 of the Franchise Agreement is amended to provide that, except in certain circumstances specified by law, Famous Dave’s must give Franchisee at least 210 days prior written notice of nonrenewal of the Franchise.
2. Any release executed by Franchisee in accordance with Article 16.3(d) of the Franchise Agreement will not relieve Famous Dave’s of any liability under the Minn. Stat. §§ 80C.01 to 80C.22.
3. Article 17 of the Franchise Agreement is amended to require that in the event Famous Dave’s gives Franchisee written notice that Franchisee has breached the Franchise Agreement, then if required by applicable Minnesota law, such written notice will be given to Franchisee at least 90 days prior to the date the Franchise Agreement is terminated by Famous Dave’s, and Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice.
4. Notwithstanding any provisions of the Franchise Agreement to the contrary, a court of competent jurisdiction will determine whether Famous Dave’s will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Famous Dave’s against Franchisee, the Owners or the Personal Guarantors.
5. Notwithstanding any provisions of the Franchise Agreement to the contrary, Franchisee will have up to three years after the cause of action accrues to bring an action against Famous Dave’s pursuant to Minn. Stat. §80C.17.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

Print Name

Its _____
Title

By _____
Signature

Print Name

Its _____
Title

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF NEW YORK**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

1. Article 16.3(d) of the Franchise Agreement is amended to provide that all rights enjoyed by Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied.
2. Article 9.2 of the Franchise Agreement is amended to provide that modifications to the Standard Operating Procedures/Training Manual(s) by Famous Dave’s will not unreasonably increase Franchisee’s obligations or place an excessive economic burden on Franchisee’s operations.
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF NORTH DAKOTA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s 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 Fargo, North Dakota, or at a mutually agreed upon location.
3. The consent by Franchisee to jurisdiction and venue in the State of Minnesota contained in Article 24.10 may be inapplicable; provided, however, that such inapplicability in the State of North Dakota will not be construed to mean that venue in the State of Minnesota is improper, or that Franchisee, its officers, directors, Owners and the Personal Guarantors are not subject to jurisdiction in the State of Minnesota, or in any other state.
4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

To the extent this Addendum is 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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF RHODE ISLAND**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

Any provision of the Franchise Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment 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.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF SOUTH DAKOTA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s 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.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF VIRGINIA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date of the Franchise Agreement set forth on page 1 of the Franchise Agreement, by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s and Franchisee, dated the same date as this Addendum (the “Franchise Agreement”), as follows:

Pursuant to Section 13.1–564 of the Virginia Retail Franchising Act, it is unlawful for Famous Dave’s to cancel the Franchise without reasonable cause, and any ground for default or termination stated in the Franchise Agreement that is not “reasonable cause,” as that term is defined in the Virginia Retail Franchising Act, that provision is not unenforceable.

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 Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

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 Judgment.** 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_____.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

**ADDENDUM TO
FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF WISCONSIN**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is made, entered into, and effective as of the Effective Date (as defined on Page 1 of the Franchise Agreement), by and between Famous Dave’s of America, Inc., a Minnesota corporation (“Famous Dave’s”), and _____, a(n) _____ (“Franchisee”) to amend and revise certain provisions of the Franchise Agreement between Famous Dave’s 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 Franchise Agreement Effective Date.

FAMOUS DAVE’S OF AMERICA, INC.

Legal Name of Franchisee

By _____
Signature

By _____
Signature

Print Name

Print Name

Its _____
Title

Its _____
Title

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C-1: ASSET PURCHASE AGREEMENT (FOR SALE OF CORPORATE STORE
TO A FRANCHISEE) WITH PROMISSORY NOTE AND SECURITY AGREEMENT AND
GUARANTY (IF APPLICABLE)

EXHIBIT C-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 Famous Dave's 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 Famous Dave’s restaurant;
 - (b) The decision to establish and operate Purchaser’s Famous Dave’s 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 Famous

Dave's restaurant provides no assurance or guaranty as to Purchaser's results of operations in connection with its Famous Dave's 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 Famous Dave's 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 Famous Dave's 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 HEREAFTER 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

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C-2: 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@mtgroup.com

With a copy to: KAHALA MANAGEMENT, LLC
9311 E. Via De Ventura
Scottsdale, AZ 85258
Attention: Legal Department
Email: us.leases@mtgroup.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:	

Restaurant No. _____

Exercise Renewal Option(s) Notice Date to Landlord:	
--	--

**Exhibit B
to
Sublease**

LEASE AGREEMENT

Restaurant No. _____

**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

FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D: INTENTIONALLY OMITTED

FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E-1: LIST OF CURRENT AND FORMER
FRANCHISEES

**List of Current Franchisees ⁽¹⁾
As of November 30, 2025**

FD Arizona, LLC	Alejandro Orozco	3007 East Speedway Boulevard	Tucson	AZ	85716	5208881512
FD Arizona, LLC	Alejandro Orozco	1501 South Yuma Palms Parkway	Yuma	AZ	85365	9283297600
TACAZA, INC.	Anand Gala	11470 4th Street	Rancho Cucamonga	CA	91730	9094812271
Star Ribs North, LP	Allan Gantes	3103 South Dogwood Avenue	El Centro	CA	92243	7063529044
TACAZA, INC.	Anand Gala	7603 North Blackstone Avenue	Fresno	CA	93720	5592614227
TACAZA, INC.	Anand Gala	27500 Lugonia Avenue	Redlands	CA	92374	9097924151
Tacaza II, Inc.	Anand Gala	61 Curtner Avenue	San Jose	CA	95125	4082927444
Tacaza II, Inc.	Anand Gala	790 West Winton Avenue	Hayward	CA	94595	5107822030
Pacific LB Partners, LP	Allan Gantes	300 S Pine Ave	Long Beach	CA	90802	5625806060
Tacaza II, Inc.	Anand Gala	2690 Fifth St. Suite B	Alameda	CA	94501	5107643786
Norcal Dale Partners, L.P.	Allan Gantes	3401 Dale Road	Modesto	CA	95356	
Arroyo Real Partners, L.P.	Allan Gantes	12036 Lakewood Blvd	Downey	CA	90242	5628030108
Una Luna Giallo, LP	Allan Gantes	1640 Gateway Blvd	Fairfield	CA	94533	7074381801
Una Luna Grigio, LP	Allan Gantes	11920 Amargrosa Rd	Victorville	CA	92392	7609498700
DCI Colorado Springs #2, Inc.	Dave Crimmins	8330 Razorback Road	Colorado Springs	CO	80920	7194344771
FD-1 Dining, LLC	Jim Gyarmathy	12148 South Cleveland Avenue	Ft. Myers	FL	33907	2396903283

Carino's Doral, L.L.C.	Robert Barany	8210 NW 36th Street	Miami	FL	33166	305 4037919
Elmore Foods, LLC	Tom Ketelsen	1110 East Kimberly Road	Davenport	IA	52807	5633888555
DTSG Iowa, Inc.	Julie Wright Card,John Glockner	201 Pierce Street	Sioux City	IA	51101	7122778800
Ammon Derrald LLC	Allan Gantes	2833 S 25th East	Ammon	ID	83406	2085234411
Meridian Records LLC	Allan Gantes	3551 E. Fairview Ave	Meridian	ID	83642	2088887801
Windy City Restaurant Holdings LLC	Aaron Baum,Steven Baum,Natalie Baum,David M. Baum,Elliott Baum (Deceased)	1631 West Lake Street	Addison	IL	60101	6302610100
Windy City Restaurant Holdings LLC	Aaron Baum,Steven Baum,Elliott Baum (Deceased),Natalie Baum,David M. Baum	7201 West 25th Street	North Riverside	IL	60546	7084478848
Windy City Restaurant Holdings LLC	Aaron Baum,Steven Baum,Natalie Baum,David M. Baum,Elliott Baum (Deceased)	15657 South Harlem Avenue	Orland Park	IL	60462	7085327850
MIDWEST BBQ VENTURES OVERLAND PARK, LLC	Dave Jones	1320 Village West Parkway	Kansas City	KS	66111	9133348646
Barton 75 LLC	Allan Gantes	2333 Sir Barton Way	Lexington	KY	4052	8592661254
Capital Blue Ribbon Restaurants LLC	David M. Baum,Scott Farren,Elliott Baum (Deceased),Frank Moore,Aaron Baum,Steven Baum,Natalie Baum	6201 Columbia Crossing Circle	Columbia	MD	21045	4102900091
Capital Blue Ribbon Restaurants LLC	Elliott Baum (Deceased),Aaron Baum,Steven Baum,Natalie Baum,David M. Baum,Scott Farren,Frank Moore	14140 Baltimore Avenue	Laurel	MD	20707	3014833500
Capital Blue Ribbon Restaurants LLC	Aaron Baum,Steven Baum,Elliott Baum (Deceased),Natalie Baum,David M. Baum,Scott Farren,Frank Moore	3046 Waldorf Market Place	Waldorf	MD	20603	3018851555
Blue Ribbon Restaurants, LLC	Aaron Baum,Steven Baum,Natalie Baum,Elliott Baum (Deceased)	36601 Warren Road	Westland	MI	48185	7345951000
Blue Ribbon Restaurants II, LLC	Steven Baum,Elliott Baum (Deceased),David M. Baum,Aaron Baum,Natalie Baum	20300 East 13 Mile Road	Roseville	MI	48066	5862932900

Blue Ribbon Restaurants III, LLC	Elliott Baum (Deceased), Steven Baum, Aaron Baum, Natalie Baum, David M. Baum	23811 Eureka Road	Taylor	MI	48180	7343742700
Blue Ribbon Restaurants Novi, LLC	Steven Baum, Natalie Baum, Elliott Baum (Deceased), Aaron Baum	43350 Crescent Boulevard	Novi	MI	48375	2487351111
Minnetonka BBQ, Inc.	Adam Lehr	14601 Highway 7	Minnetonka	MN	55345	9529339600
Plymouth BBQ, Inc.	Adam Lehr	11308 Highway 55	Plymouth	MN	55441	7635250500
RiverValley BBQ, Inc.	Misty Ball	431 NW 16th Avenue	Rochester	MN	55901	5072824200
Bayfront BBQ Inc	Greg Toon, Joshua Wright	4135 Richard Ave Ste 101	Hermantown	MN	55811	2187403180
DTSG Minneapolis, Inc.	Julie Wright Card	3221 Northdale Blvd NW	Coon Rapids	MN	55448	(763) 2055194
Rib Kings of Owatonna, LLC	Leon Agami	4355 West Frontage Road	Owatonna	MN	55060	5074552900
Jones Restaurants Missouri LLC	Dave Jones	1855 W. 76 Country Boulevard	Branson	MO	65616	4173344858
Rocky Mountain Ribs, Inc.	Patrick W. Ryan, Casey Ryan, Kyle C. Ryan, William O. Ryan, Jr.	2883 King Avenue West	Billings	MT	59102	4066524880
Rocky Mountain Ribs, Inc.	Patrick W. Ryan, Kyle C. Ryan, William O. Ryan, Jr., Casey Ryan	2915 North Reserve Street	Missoula	MT	59808	4065417427
Kalispell Dave's, Inc.	Kelsey Ryan, Kelsey Ryan	2340 US Highway 93 North	Kalispell	MT	59901	4067527427
Rocky Mountain Ribs, Inc.	Casey Ryan, William O. Ryan, Jr., Kyle C. Ryan, Patrick W. Ryan	1518 14th Street West	Williston	ND	58801	7016095459
FD Nevada, LLC	Alejandro Orozco	1951 North Rainbow Blvd	Las Vegas	NV	89108	7026465631
FD Nevada, LLC	Alejandro Orozco	4390 Blue Diamond Road	Las Vegas	NV	89139	7026337427
FD Nevada, LLC	Alejandro Orozco	2630 E. Craig Road	Las Vegas	NV	89030	7023998000
Savory Investments, LLC	Rory O'Neal	4925 Kietzke Lane	Reno	NV	89509	7758267427
FD Nevada, LLC	Alejandro Orozco	651 Mall Ring Circle	Henderson	NV	89014	7024330013
FD Nevada, LLC	Alejandro Orozco	4480 Paradise Rd	Las Vegas	NV	89139	7028797910
Millennium Operations LLC dba Cedar Point	Alex Lakner	1 Cedar Point Drive	Sandusky	OH	44870	4196092054
Buckeye BBQ, LLC	Aaron Baum, Steven Baum, Natalie Baum, Elliott Baum (Deceased), David M. Baum	26410 Great Northern Shopping Center	North Olmsted	OH	44070	4407770200

NyTown Partners, LLC	Allan Gantes	7121 SW Nyberg Street	Tualatin	OR	97062	5034865631
Cascade PDX Partners, LLC	Allan Gantes	9911 NE Cascades Parkway	Portland	OR	91220	503 4939000
DTSG, Inc.	Julie Wright Card	2700 South Minnesota Avenue	Sioux Falls	SD	57105	605 3348800
Triple A Restaurants, Inc.	Alejandro Orozco	7501 North Mesa	El Paso	TX	79912	9157605355
Triple A Restaurants, Inc.	Alejandro Orozco	1360 George Dieter Drive	El Paso	TX	79936	9158498400
Triple A Restaurants, Inc.	Alejandro Orozco	1135 Airway Boulevard	El Paso	TX	79925	9158438400
Triple A Restaurants, Inc.	Alejandro Orozco	12704 1/2 Montana Avenue	El Paso	TX	79938	9152598400
Sanantonio Connally LLC	Allan Gantes	231 SW Loop 410	San Antonio	TX	78238	2106477705
Austin Taft35 LLC	Allan Gantes	9500 S IH 35 Service Rd #2	Austin	TX	78748	5122921658
Baytown Jacinto LLC	Allan Gantes	7017 Garth Road	Baytown	TX	77521	2814217077
Laredo Hilltop LLC	Allan Gantes	7605 San Dario Ave	Laredo	TX	78045	9567288945
Commonwealth Blue Ribbon Restaurants LLC	Elliott Baum (Deceased), Aaron Baum, Steven Baum, Natalie Baum, David M. Baum	2430 Prince William Parkway	Woodbridge	VA	22192	7034921300
Commonwealth Blue Ribbon Restaurants LLC	Natalie Baum, David M. Baum, Elliott Baum (Deceased), Aaron Baum, Steven Baum	2910 Chain Bridge Road	Oakton	VA	22124	7032813800
Commonwealth Blue Ribbon Restaurants LLC	Natalie Baum, David M. Baum, Elliott Baum (Deceased), Aaron Baum, Steven Baum	6630 Richmond Highway	Alexandria	VA	22306	7036608541
Gap 82 Partners LLC	Allan Gantes	1504 E. Washington Street	Yakima	WA	90903	5094697427
Rib Kings of America, Inc.	Leon Agami	435 Broadway	Wisconsin Dells	WI	53965	6082536683
Rib Kings of Eau Claire LLC	Leon Agami, Sorin Husau	2911 Mall Drive	Eau Claire	WI	54701	7158352227
Rib Kings of Lake Delton, LLC	Shlomi Fedida	31 Meadow View Drive	Lake Delton	WI	53940	6082548900

Notes:

- (1) If you buy this franchise, your contact information may be disclosed to other potential buyers or parties otherwise related to the system.
- (2) See Item 3 of this Disclosure Document.

**List of Franchisees
With Signed Franchise Agreements And Unopened Outlets as of November 30, 2025**

Franchise Company	Owners	Address	City	State	Zip	Phone or Email
Kennedy, S. & Kennedy, M.	Sandra.Kennedy,Mahogany.Kennedy		Laveen	AZ		sdksandra@gmail.com,mahoganycherry@yahoo.com
Arroyo Real Partners, L.P.	Allan Gantes	12036 Lakewood Blvd	Downy	CA	90242	949-305-6300
Una Luna Grigio, LP	Allan Gantes	11920 Amargosa Road	Victorville	CA	92392	949-305-6300
Una Luna Giallo, LP	Allan Gantes	1640 Gateway Blvd	Fairfield	CA	94533	949-305-6300
Mira Loma JC, LLC	Allan Gantes	12447 Limonite Ave	Eastvale	CA	91752	949-305-6300
THE BBQ BANTER-MILFORD CO.	Andrew.Heymann,Anthony.Tignola	919 N Dupont Boulevard	Milford	DE	19963	andrew.heymanntigmangroup.com,anthony.tignola@tigmangroup.com
UCX CAPITAL LLC	Gesa.Barany,Robert.Barany			FL		gbarany@bellsouth.net,rctbarany@gmail.com
SCOTT CHICAGO INVESTMENTS LLC	Derek.S.Scott	10710 State Bridge Rd	Alpharetta	GA	30022	(253) 777-2744
SCOTT CHICAGO INVESTMENTS LLC	Derek.S.Scott		Marietta	GA		(253) 777-2744
SCOTT CHICAGO INVESTMENTS LLC	Derek.S.Scott		Roswell	GA		(253) 777-2744

**List of Former Franchisees as of November 30, 2025,
and Those Who Have Not Communicated With Us
Within 10 Weeks of the Issuance Date of this Disclosure Document**

The following Franchisees transferred, closed, were terminated or otherwise ceased to do business under their Franchise Agreements in 2025, and are no longer Famous Dave's® Franchisees:

Former Franchisees:

Company Name	Owner Names	Phone or Email
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FD BBQ West Jordan LLC	Paul Herber	paul@ascendhg.com
FD BBQ Tukwila LLC	Paul Herber	paul@ascendhg.com
DTSG Bismarck, Inc.	Randy Thorson	(701) 361-5151
FD BBQ Tacoma LLC	Paul Herber	paul@ascendhg.com
B&B Restaurant Management LLC	Bart Kinzel	
Twin Fillmore Falls LLC	Allan Gantes	949-305-6300
Parmer McCallen LLC	Allan Gantes	949-305-6300
Joplin Jiat LLC	Allan Gantes	949-305-6300

List of Former Franchisees as of November 30, 2025, who had a Famous Dave's Restaurant transfer under the Franchise Agreement:

Company Name	Owner Names	State	Phone
RiverValley BBQ, Inc.	Randy Jernberg	MN	612-817-2941

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

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E-2: LIST OF COMPANY-OWNED RESTAURANTS

List of Company-Owned Restaurants as of November 30, 2025

Address	City	State	Zip	Phone
16148 North 83rd Avenue	Peoria	AZ	85382	6239793706
3250 West Frye Road	Chandler	AZ	85226	4807821212
1011 North Dobson Road	Mesa	AZ	85201	4806151444
15725 E. Briarwood Circle	Aurora	CO	80016	3033966227
2440 Highway 6 & 50	Grand Junction	CO	81505	9702458227
7557 East 36th Avenue	Denver	CO	80238	3033993100
16539 North Washington Street	Thornton	CO	80020	3032806227
1720 22nd Street	West Des Moines	IA	50266	5152670800
6222 University Avenue	Cedar Falls	IA	50613	3192660200
3303 North Perryville Road	Rockford	IL	61114	8156360300
3645 Vincennes Road	Indianapolis	IN	46268	3178240200
8605 Citadel Way	Louisville	KY	40220	5024932812
G-3558 Miller Road	Flint	MI	48507	8107204600
5665 Bay Road	Saginaw	MI	48604	9897977675
2131 Snelling Avenue	Roseville	MN	55113	6516334800
7825 Vinewood Lane	Maple Grove	MN	55369	7634164600
1930 West 7th Street	St. Paul	MN	55116	6516998800
7593 147th Street	Apple Valley	MN	55124	9528916400
43 19th Street SW	Forest Lake	MN	55025	6514644400
2750 Pine Lake Road	Lincoln	NE	68516	4024213434
2015 Pratt Avenue	Bellevue	NE	68123	(402) 9342300
1443 Route 22 East	Mountainside	NJ	7092	9082325619
1060 Corporate Drive	Westbury	NY	11590	5168327300
5000 Old Hickory Boulevard	Hermitage	TN	37076	6158820999
208 Advantage Place	Knoxville	TN	37922	8656949990
991 Industrial Boulevard	Smyrna	TN	37167	6152202276
900 South Park Street	Madison	WI	53715	6082869400
5077 South 27th Street	Greenfield	WI	53221	4147271940
3055 State Hwy 16	La Crosse	WI	54601	(608) 7794100
15455 West Bluemound Rd.	Brookfield	WI	53005	2629717767

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F: FORM OF RELEASE AGREEMENT

FORM OF RELEASE AGREEMENT
(Subject to Change by Famous Dave’s of America, Inc.)

For and in consideration of the Agreements and covenants described below, Famous Dave’s of America, Inc. (“Famous Dave’s”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

A. Famous Dave’s and Franchisee entered into a Famous Dave’s® Franchise Agreement dated _____,

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

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

AGREEMENTS

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

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

4. **Release of Claims by Famous Dave’s.** Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$_____ to Famous Dave’s, Famous Dave’s, for itself, its predecessors, successors, assigns, current and former affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the “Franchisor Parties”), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices law, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between Franchisee and Franchisor or Franchisee’s affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties’ failure to comply with those obligations. Further, the Franchisor Parties do not release Franchisee Parties from any Claims related to Franchisee’s (i) indemnification obligations under Article __ of the Franchise Agreement, (ii) non-disclosure obligations under Article __ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Article __ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between Franchisee and Franchisor or Franchisee's affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations.

6. **Acknowledgement.** The release of Claims set forth in Section 4 and Section 5 of this Agreement are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claims would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

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

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

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

10. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

11. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right to remedy allowed by law. In the event of a breach of this

Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorney's fees and costs incurred by reason of the breach.

Dated: _____, 20__

FAMOUS DAVE'S OF AMERICA, INC.

By: _____

Title: _____

FRANCHISEE:

Dated: _____, 20__

By: _____

Title: _____

FAMOUS DAVE’S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G: STATE EFFECTIVE DATES & RECEIPTS

Famous Dave's
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.

Except as noted below, if Famous Dave’s of America, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Famous Dave’s or an affiliate in connection with the proposed franchise sale.

In Iowa and New York, Famous Dave’s of America, Inc. 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, Famous Dave’s of America, Inc. must 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 Famous Dave’s of America, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: 12701 Whitewater Dr., Suite 100, Minnetonka, MN 55343-4164, (952) 294-1300, www.famousfranchising.com;. The franchise seller for this offering is _____, () _____.

Issuance Date: March 27, 2026.

See Exhibit A for Famous Dave’s of America, Inc.’s registered agents authorized to receive service of process.

I have received a Disclosure Document, dated March 27, 2026, that included the following Exhibits:

STATE-SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT	A-1
STATE AGENCY EXHIBIT	A-2
FINANCIAL STATEMENTS	B-1
GUARANTEE OF PERFORMANCE	B-2
FRANCHISE AGREEMENT (AND STATE-SPECIFIC ADDENDA, IF APPLICABLE)	C
ASSET PURCHASE AGREEMENT (FOR SALE OF A CORPORATE STORE TO A FRANCHISEE) WITH PROMISSORY NOTE AND SECURITY AGREEMENT AND GUARANTY (IF APPLICABLE)	C-1
SUBLEASE.....	C-2
INTENTIONALLY OMITTED.....	D
LIST OF CURRENT AND FORMER FRANCHISEES.....	E-1
LIST OF COMPANY-OWNED RESTAURANTS	E-2
FORM OF RELEASE AGREEMENT	F
STATE EFFECTIVE DATES & RECEIPTS	G

Date	Signature	Printed Name
Date	Signature	Printed Name

KEEP THIS COPY FOR YOUR RECORDS.

Prospective Franchisee’s Copy

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FRANCHISE AGREEMENT (AND STATE-SPECIFIC ADDENDA, IF APPLICABLE) C

ASSET PURCHASE AGREEMENT (FOR SALE OF A CORPORATE STORE TO A FRANCHISEE) WITH PROMISSORY NOTE AND SECURITY AGREEMENT AND GUARANTY (IF APPLICABLE)..... C-1

SUBLEASE..... C-2

INTENTIONALLY OMITTED..... D

LIST OF CURRENT AND FORMER FRANCHISEES..... E-1

LIST OF COMPANY-OWNED RESTAURANTS E-2

FORM OF RELEASE AGREEMENT F

STATE EFFECTIVE DATES & RECEIPTS G

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to:

Famous Dave’s of America, Inc.
12701 Whitewater Drive, Suite 100
Minnetonka, MN 55343-4164
<https://famousfranchising.com/>

Franchisor’s Copy