

FRANCHISE DISCLOSURE DOCUMENT



BQ Concepts, LLC
dba *Champps Kitchen + Bar*
an Arizona limited liability company
12701 Whitewater Drive, Suite 100
Minnetonka, Minnesota 55343-4164
952-294-1300
www.champps.com
www.bbq-holdings.com/franchising
<https://www.bbq-holdings.com/>

We offer Champps Kitchen + Bar franchises. As a franchisee, you will operate a restaurant called Champps Kitchen + Bar specializing in classic American cuisine on a take-out or eat-in basis with a sports-bar atmosphere and with a wide selection of beer.

The total investment necessary to begin operation of a Champps Kitchen + Bar franchise ranges from \$1,0565,00750 to \$3,0750,00750 if you lease the premises, and from \$12,843155,00750 to \$67,0370,00750 if you purchase your premises, and under in either case includes \$61405,00750 to \$95450,00750 which must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact BQ Concepts, LLC, Attn: Legal Department, ~~12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164 and 952-294-1300~~ 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 an accountant.

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

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

Issuance Date: March 278, 20265, as amended October 10,
2025.

TABLE OF CONTENTS

ITEMS:

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

4

ITEM 2: BUSINESS EXPERIENCE 15

ITEM 3: LITIGATION 18

ITEM 4: BANKRUPTCY 31

ITEM 5: INITIAL FEES..... 31

ITEM 6: OTHER FEES..... 34

ITEM 7: ESTIMATED INITIAL INVESTMENT 42

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 46

ITEM 9: FRANCHISEE'S OBLIGATIONS 56

ITEM 10: FINANCING..... 57

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 59

ITEM 12: TERRITORY..... 72

ITEM 13: TRADEMARKS 74

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION..... 76

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 78

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 79

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. 80

ITEM 18: PUBLIC FIGURES 86

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS 86

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION..... 87

ITEM 21: FINANCIAL STATEMENTS 90

ITEM 22: CONTRACTS 90

ITEM 23: RECEIPTS..... 90

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

3

ITEM 2: BUSINESS EXPERIENCE 14

ITEM 3: LITIGATION 17

ITEM 4: BANKRUPTCY 28

ITEM 5: INITIAL FEES..... 28

ITEM 6: OTHER FEES..... 30

ITEM 7: ESTIMATED INITIAL INVESTMENT 37

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 41

ITEM 9: FRANCHISEE'S OBLIGATIONS 48

ITEM 10: FINANCING.....	50
ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	51
ITEM 12: TERRITORY.....	63
ITEM 13: TRADEMARKS.....	65
ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	67
ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	69
ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	70
ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	71
ITEM 18: PUBLIC FIGURES	77
ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS.....	77
ITEM 20: OUTLETS AND FRANCHISEE INFORMATION.....	78
ITEM 21: FINANCIAL STATEMENTS.....	81
ITEM 22: CONTRACTS.....	81
ITEM 23: RECEIPTS.....	81

EXHIBITS:

- A State Addenda and Agency Documents
- B Financial Statements
- C Performance Guaranty
- D Franchise Agreement (and state specific addenda, if applicable)
- E Guaranty of Franchise Agreement
- F Non-Disclosure and Non-Competition Agreement
- G Collateral Assignment and Irrevocable Special Power of Attorney
- H Required Lease Terms (Lease Addendum to Lease Agreement)
- I Pre-Authorized Electronic Funds Transfer Form
- J General Release for Renewal of Franchise Agreement
- K List of Franchisees
- L List of Company-Owned Restaurants
- M State Effective Dates
- N Receipts

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, Parents and Predecessors and Affiliates

The franchisor is BQ Concepts, LLC. To simplify the language in this “Disclosure Document,” BQ Concepts, LLC may be referred to as “BQ Concepts,” “we,” “us,” “our” and “Franchisor.” “You” and “your” mean the person(s), partnership, corporation, limited liability company, or other entity that buys the Champps Kitchen + Bar unit franchise. If “you” are a business entity, “you” includes the shareholders, members or owners of the business to the extent each guaranties or otherwise agrees to perform or be bound by the obligations of the business 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.

BQ Concepts is an Arizona limited liability company which was formed on February 4, 2022. BQ Concepts is in the business of owning, operating, and now franchising to others the right to own and operate restaurant concepts. On April 25, 2022, Fun Eats and Drinks, LLC, a Wyoming limited liability company with Fead IP, LLC, a Wyoming limited liability company (individually and collectively, “Prior Brand Owner”) and our affiliate Famous Craft Concepts LLC, a Minnesota limited liability, entered into an Asset Purchase Agreement where our affiliate purchased the rights to own, operate and franchise the Champps Kitchen + Bar brand, which at such time was one (1) corporate-owned restaurant and two (2) franchised restaurants (“Champps Sale”). Following the Champps Sale, we received an irrevocable license from our affiliate to become the franchisor of the brand.

A principal business address of Franchisor is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300, www.champps.com.

We began offering franchises for Champps on March 28, 2024. Before the Champps Sale detailed above, the Prior Brand Owner offered Champps Kitchen + Bar franchised for the prior ten (10) years, with a primary address of 12730 High Bluff Dr., Suite 250, San Diego, CA 92130.

As of November 30, ~~2024~~2025, there ~~were~~was ~~two~~one (21) operational Champps Kitchen + Bar franchises and one (1) operational corporate-owned Champps Kitchen + Bar restaurants, (see Item 20 and Exhibit K and L). Franchisor operates and offers franchises in other lines of business, as detailed in the chart in Item 1 below.

Franchisor’s agents for service of process are listed in Exhibit A to this Disclosure Document. Unless otherwise specified, our registered agent for service of process is CT Corporation System, 300 Montvue Road, Knoxville, Tennessee 37919.

Franchisor's parent company is BBQ Holdings, Inc., a Minnesota corporation ("BBQ"). BBQ has subsidiaries other than Franchisor that franchise other restaurant concepts, as further detailed in the chart below. On 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 1M5. BBQ's parent company became MTY Franchising USA, Inc. ("MTY USA"), originally known as The Extreme Pita Franchising USA, Inc., and having an address of 9311 E Via De Ventura, Scottsdale, AZ 85258. MTY USA directly and through its other subsidiaries franchise other restaurant concepts, as further detailed in the chart below. 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.

In addition to the concepts franchised by Franchisor or its current or former US-based affiliates as further detailed in the chart below, MTY or one or more of its Canadian-based subsidiaries franchises over (55) different restaurant concepts and has over ~~2,500~~ 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, ~~mmmuffins~~, Mr. Souvlaki, Mr. Sub, Mucho Burrito, Muffin Plus, ~~O'Burger~~, Papa Murphy's, Pizza Delight, Poke by Sushi Shop, Scores, South St. Burger, Spice Bros, Steak & Frites St. Paul Sukiyaki, ~~Sushi Go~~, Sushiman, Sushi Shop, Thai Express, Thaïzone, 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.

Other Franchises Offered by Franchisor or Franchisor's Affiliates

FRANCHISOR IS ONLY OFFERING A CHAMPPS KITCHEN + BAR UNIT FRANCHISE UNDER THIS DISCLOSURE DOCUMENT. EACH OF THE FRANCHISES DETAILED BELOW ARE OFFERED BY FRANCHISOR OR A U.S. AFFILIATE UNDER SEPARATE DISCLOSURE DOCUMENTS FOR EACH BRAND.

We have the following U.S.-based affiliates through common ownership by MTY Food Group, that also offer franchises in the United States and internationally: (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) Invescor 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) Wetzels 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 ~~limited liability company corporation~~ having a principal address at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. These affiliates franchise over 50 different concepts.

The following summarizes the Champps Kitchen + Bar brand and other franchised restaurant brands offered in the United States by Franchisor, MTY USA or its affiliates as of November 30, ~~2024~~2025, including the type of restaurant business, number of franchised units in operation as of November 30, ~~2024~~2025, and the date Franchisor or its current or former affiliates offered franchises in those brands:

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ <u>2025</u>	Dates unit franchises began being offered by us or our affiliate
Blimpie	Restaurants serving submarine sandwiches and salads	~~100~~ <u>87</u> franchised units (97 ~~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.	~~3~~ <u>1</u> franchised units	March 2022, Kahala Franchising.

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Cold Stone Creamery	Restaurants serving super-premium freshly made ice cream, cakes, pies, smoothies, shakes, and other frozen dessert products	~~1,427-501~~ franchised units (~~992-1052~~ in the United States and ~~435-449~~ internationally) (plus 2 company-owned units). ~~105-103~~ Cold Stone Creamery franchises also sell Rocky Mountain Chocolate Factory® products and 1 Cold Stone Creamery franchise also sells Tim Hortons® products. Additionally, ~~43-8~~ 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	~~44-10~~ 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	~~34-32~~ franchised units (~~24-23~~ in the United States and ~~10-9~~ internationally)	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, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
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, sandwiches and merchandise	~~5-6~~ franchised units. And 1 licensed unit.	November 2011 under Kahala Franchising
Maui Wowi	Store fronts or portable units serving fruit smoothies, ~~Hawaiian~~ coffee and espresso, <u>and other beverage and food items</u>	~~88-83~~ franchised units (~~80-75~~ 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	~~59-62~~ 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 ~~and~~ , nutritional	~~162-167~~ franchised units (~~154-160~~ in the United States and <u>7</u> internationally)	Since June 2016 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
	supplements, <u>baked goods</u> , <u>parfaits</u> , <u>sandwiches</u> , and <u>salads</u>	Additionally, as of fiscal year end there were 2 Tasti D-Lite outlets.	
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
Samurai Sam's Teriyaki Grill	Restaurants serving Japanese rice bowls and noodle bowls	~~42~~ <u>10</u> 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 (<u>59 in the United States and 3 internationally</u>) (plus ~~4~~ <u>2</u> company-owned unit)	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 ~~freshly-prepared~~ Mexican food including burritos, <u>tacos</u> ,	~~222~~ <u>212</u> franchised units (~~97-87~~ franchised in the United States and 125 internationally) (plus 2 company-owned units)	From 2003 until 2004 by Taco Time International, Inc., from 2004 until March 2010 by Kahala Franchise Corp., and since

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
	quesadillas and nachos	Additionally, there are 78 licensed units	August 2010 under Kahala Franchising

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 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	~~4~~ <u>3</u> 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	~~4~~ <u>0</u> franchised units	From January 2010 under Mucho Burrito Franchising USA, Inc.; from March 2019 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Thai Express	Restaurant serving “Thai-style” foods and drinks	7 franchised units (~~5~~ <u>4</u> in the United States and ~~2~~ <u>3</u> internationally) (plus ~~2~~ <u>1</u> company-owned)	From February 2015 under MTY USA
La Diperie	Restaurant serving retail sale of an ice cream product and various dips and toppings	~~4~~ <u>2</u> franchised units	From April 2019 under MTY USA
Baja Fresh	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~69~~ <u>70</u> franchised units (67 in the United States and ~~2~~ <u>3</u> internationally) (plus ~~6~~ <u>1</u> company-owned units)	October 2016 until July 2017 under Triune, LLC and since then under BFAH
La Salsa	Restaurant offering a limited menu featuring fresh high quality Mexican-style food products	~~5~~ <u>4</u> 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	~~9~~ <u>7</u> franchised units (~~8~~ <u>6</u> in the United States and 1 internationally) (plus ~~3~~ <u>2</u> 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	~~7~~ <u>6</u> franchised units (~~3~~ <u>2</u> in the United States and 4 internationally)	December 2017 under Built Franchise Systems, LLC. Then from March 2019 under MTY USA

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
	dishes, sandwiches, and salads		
sweetFrog	Restaurant offering frozen yogurt using a self-serve delivery format	~~216-213~~ franchised units (~~206-203~~ in the United States which include ~~9-7~~ 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
Papa Murphy's	Retail food outlet serving primarily take and bake pizza	~~1,000~~ 36 franchised units (~~1,001~~ 965 in the United States and 35 internationally) plus ~~493~~ company-owned units	From May 2019 Papa Murphy's International LLC
Famous Dave's	Restaurants specializing in authentic, down-home, genuine smoked barbecue	~~85-80~~ franchised units (~~77-70~~ in the United States and ~~8~~ 10 internationally) plus ~~32-30~~ company-owned units	From March 1994 under Famous Dave's of America, Inc.

Brand Name	Type of Restaurant Business	Number of Units as of November 30, ~~2024~~ 2025	Dates unit franchises began being offered by us or our affiliate
Village Inn	Restaurant specializing in pancakes, omelets, skilletts, eggs, and other popular breakfast items	~~88-84~~ franchised units plus ~~26-25~~ 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
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	~~406-455~~ franchised units (~~389-423~~ in the United States and ~~17-32~~ internationally) plus ~~36-35~~ company-owned units	From April 1996 under Wetzel's Pretzels, LLC
Champps Kitchen + Bar	sports theme restaurants that provide the public with high-quality food and beverage	~~2-1~~ franchised units plus 1 company-owned unit	From September 1999 to October 2008 under Champps Entertainment, Inc. and From August 2023 under BQ Concepts, 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.

Additionally, as of the issuance date of this Disclosure Document, we are not offering area representative agreements under a separate Area Representative

Marketing and Development and was promoted to Director of Franchise Marketing and Development in August 2016.

Senior Vice President of Development: John Wuycheck

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

Vice President of Franchise Development: Jay Goldstein

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

Director of Franchise Development: Doug Merenda

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

Franchise Development Manager: Traci Zandi

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

Vice President of Franchise Development: Peter Tsafoulis

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

Manager of Franchise Development: Marilyn Bower

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

Head of Development — Wetzel's Pretzels: Jon Fischer

~~Mr. Fischer serves as Head of Development — Wetzel's Pretzels as of March 2023. Previously, Mr. Fischer served as the Wetzel's Pretzels Chief Development Officer from October 2019. In his role, Mr. Fischer is responsible for Wetzel's Pretzels franchise development, including real estate development for franchised outlets. Prior to that, Mr. Fischer held a variety of Vice-President positions, including in real estate and development, at Papa Murphy's International from August 2014 to October 2019.~~

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.

Texas Nrgize #1, Inc. v. Kahala Franchising, L.L.C. and Kahala Holdings, L.L.C.; 67th Judicial District Court, Tarrant County, Texas; Civil Action No.: 067-272652-14 subsequently removed to United States District Court for the Northern District of Texas; Case No.: 4:14-cv-544-Y.

On or about June 18, 2014, Texas Nrgize #1, Inc., an Nrgize franchisee ("Plaintiff"), filed a Petition and Request for Disclosure against Kahala Franchise Corp and Kahala Holdings, L.L.C. (collectively "Defendants") alleging (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) Breach of Contract and Warranties. Plaintiff sought: (i) economic damages in excess of \$200,000, plus treble damages and pre- and post-judgment interest at the maximum rates allowed by law; (ii) attorneys' fees and costs; and (iii) such other relief to which the Plaintiff may be justly entitled. On July 16, 2014, Defendants filed a Notice of Removal to the United States District Court for the Northern District of Texas. On July 24, 2014, the judge executed the Order Granting the Unopposed Motion to Substitute Parties and Changing Case Style. Kahala Franchising, L.L.C. ("Defendant") was substituted in as a defendant instead of Kahala Franchise Corp. On July 28, 2014, Defendant filed a Motion to Transfer Pursuant to 28 U.S.C. §1404(A) and Brief in Support. This motion sought an order to transfer the litigation to the United States District Court for the District of Arizona pursuant to the parties' forum selection clause contained in the franchise agreement. On August 1, 2014, Defendant filed its Answer, Counterclaim and Third Party Claim. The Counterclaim was against Plaintiff and the Third Party Claim was filed against Duane W. Martin, Argentina Saldivar, and Margena Wood ("Third Party Defendants"). Defendant alleged: (i) Breach of Franchise Agreement against Plaintiff, and (ii) Breach of Guaranty against Third Party Defendants. Defendant sought: (i) judgment against Plaintiff and the Third Party Defendants in an amount to be proven at trial; (ii) attorneys' fees; (iii) costs pursuant to A.R.S. §§12-341 and 12-341.01 and the parties' contractual agreements; and (iv) any other relief the Court deemed fit. Plaintiff filed its Response to Defendant's Motion to Transfer Pursuant to 28 U.S. C. §1404 (A) and Brief in Support on August 18, 2014, then filed its Answer to Defendant's Counterclaim on August 22, 2014. On August 28, 2014, Defendant filed its Reply in Support of Motion to Transfer Pursuant to 28 U.S. C. § 1404(A) and Brief in Support. On September 24, 2014, the United States District Court for the Northern District of Texas Court requested that each party submit a supplemental

brief to benefit the Court in resolving the Defendant's Motion to Transfer. Mediation was held on September 29, 2014, but the parties failed to come to an agreement. On October 17, 2014, Third Party Defendants filed their Answer and Counterclaim. Third Party Defendants alleged: (i) violations of the Texas Business Opportunities Act, Tex. Bus. & Comm. Code §§ 51.001 and the Texas Deceptive Trade Practices Consumer Protection Act, Tex. Bus. & Comm. Code §17.46, and (ii) breach of contract and warranties. Third Party Defendants sought: (i) economic damages in excess of \$200,000, plus treble damages under the Code and pre- and post judgment interest at the maximum rates allowed by law; (ii) attorney's fees; (iii) costs; and (iv) any other general or special relief that the Court deemed fit. On October 24, 2014, Defendant filed its Supplemental Briefing In Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 10, 2014, Defendant filed its Answer to the Third Party Counterclaims. On November 13, 2014, Defendant filed its Notice of Dismissal Without Prejudice as to Third Party Defendant Argentina Saldivar only. On November 14, 2014, Plaintiff filed its Response to Defendant's Supplemental Briefing In Support of Their Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On November 26, 2014, Defendant filed its Reply to Plaintiff's Response to Defendant's Supplemental Briefing in Support of Its Motion to Transfer Pursuant to 28 U.S.C. §1404(A). On February 24, 2015, the Court granted Defendant's Motion to Transfer the case to the United States District Court of the District of Arizona; Phoenix Division; Case No.: CV15-0337 PHX DGC. In April 2015, Plaintiff moved to compel arbitration which was ultimately denied by the Court. The parties participated in a mediation in August 2015 which was unsuccessful. In December 2015, the parties executed a settlement agreement in which Defendant paid Plaintiff the sum of \$35,000. The parties filed a Stipulation to Dismiss With Prejudice on December 18, 2015.

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

Urquieta Sweet Frog, L.L.C. and Ana Urquieta v. SweetFrog Enterprises, L.L.C. d/b/a SFF, L.L.C., American Arbitration Association; Case No. 01 14 0001 8086.

On December 23, 2014, Urquieta Sweet Frog, L.L.C. and Ana Urquieta, a former sweetFrog franchisee and its owner (collectively "Plaintiffs"), filed a Demand for Arbitration against SweetFrog Enterprises, LLC ("Defendant"). Plaintiffs alleged: (i) Defendant engaged in fraud; (ii) unfair practices; and (iii) deceptive actions. On February 2, 2015, Defendant timely filed an Answer and Counterclaim and denied all allegations, and further asserted a counterclaim against Plaintiffs for unpaid royalties. This matter was settled in December of 2015. Under the settlement, Defendant agreed to pay Plaintiffs \$300,000 and the parties executed mutual releases.

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 Fresh Enterprises, L.L.C. successor in interest to BF Acquisition, L.L.C.

Fresh Enterprises, L.L.C. v. Ledang Investment Group, L.L.C., Vincent Tienn Le, Ho Tien Le and Hue Thi Dang Superior Court of the State of California, County of Santa Clara, Case No. 1-13-CV-257219.

On July 2, 2013, Fresh Enterprises, L.L.C., as successor-in-interest to Baja Fresh Westlake Village, Inc. ("Plaintiff"), filed a complaint against Ledang Investment Group, L.L.C.; Vincent Tien Le, Ho Tien Le and Hue Thi Dang (collectively "Defendants Ledang" or "Cross Claimants Ledang") for: (i) implied indemnity; (ii) equitable indemnity; (iii) express indemnity; (iv) breach of contract; (v) declaratory relief seeking unspecified damages; (vi) indemnification; (viii) a judgment of unlawful detainer; and (ix) declaration that Defendants Ladang were obligated to reimburse Plaintiff for various expenses. On January 6, 2014, Cross Claimants Ledang filed a Cross Complaint against Plaintiff, Baja Fresh Westlake Village, LLC, Triune Corporation and National Franchise Sales, Inc.

(collectively "Counter Defendants") for: (i) breach of contract; (ii) breach of covenant of good faith and fair dealing; (iii) negligent misrepresentation; and (iv) intentional misrepresentation. On February 19, 2014, Counter Defendants filed a Motion to Compel Arbitration, which was granted. The disputes between the parties were then arbitrated before the American Arbitration Association (Case Number 72-20-1400-0126). On February 2, 2015, the Arbitrator issued an award in favor of Cross Claimants Ledang in the amount of \$660,620.84. The parties entered into a Settlement and Release Agreement on July 20, 2015, under which Counter Defendants paid the Cross Claimants Ledang the sum of \$585,000 and the matter was dismissed with prejudice.

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

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

On March 14, 2016, the franchisees for the Famous Dave's® Restaurants in Chandler, Peoria, Mesa and Gilbert, Arizona ("Claimants") filed a Demand for Arbitration against Famous Dave's alleging that Famous Dave's (1) violated the Minnesota Franchise Act ("MFA"), (2) breached the implied covenant of good faith and fair dealing under the Famous Dave's® Franchise Agreements with Claimants (the "Franchise Agreements"), and (3) breached certain express provisions of the Franchise Agreements. Claimants sought damages of \$2,984,098, and a permanent injunction prohibiting Famous Dave's from engaging in discriminatory conduct in violation of the MFA. On July 20, 2016, the arbitrators ruled in partial favor of the pre-hearing motion filed by Famous Dave's by dismissing Claimants' MFA claims against Famous Dave's. Upon the dismissal of the MFA claims, Claimants voluntarily dismissed their remaining claims against Famous Dave's and entered into a confidential settlement agreement and mutual release (the "Settlement Agreement"), dated August 22, 2016, with Famous Dave's. The Settlement Agreement included the following material terms: (i) the territorial rights granted to Claimants in the Franchise Agreements were modified; (ii) the managing member of Claimants (the "Consultant") entered into a consulting agreement with Famous Dave's that provided for the design, development and build-out of a counter-service/line-service prototype barbecue restaurant concept (the "Prototype") and the payment of a consulting fee of \$410,000 to the Consultant in installments over a three-year period; and (iii) Claimants entered into a right of first offer agreement with Famous Dave's granting to a Claimant the first right to enter into an area development agreement with Famous Dave's for the development of seven Prototype restaurants in a reserved territory in Arizona.

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

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, 2024³ through November 30, 2025⁴

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. All About Food, Inc. and Chu Yup Lee a/k/a Michale Lee; In the Circuit Court of the Nineteenth Judicial Circuit Lake County, Illinois; Case No.: 2024LA000000001.~~

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.

Suit for Forcible Entry and Detainer

~~Cold Stone Creamery Leasing Company, Inc. v. JRF, Inc.; Iowa District Court for Dallas County; Case No.: SCSC050015.~~

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

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay to Franchisor the initial franchise fee ("Initial Franchise Fee") for your Restaurant in an amount equal to \$40,000. There are no refunds of the Initial Franchise Fee under any circumstances. We may periodically reduce the Initial Franchise Fee in connection with limited time promotions, new concepts and/or operational programs. We may vary the terms of our franchises in connection with testing new marketing, branding and/or operational programs. These tests are generally conducted with experienced, existing franchisees and may include incentives and other rights which are not available to all franchisees. If you sign the Franchise Agreement in connection with a transfer or renewal, you will not pay the Initial Franchise Fee.

Opening Team Expenses

You will reimburse Franchisor 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 \$~~1055~~,000 and \$~~5400~~,000 but may be lower or higher depending upon the particular needs and the location of your Restaurant. You will pay to Franchisor 50% of the estimated Opening Team expenses for your Restaurant, which Franchisor 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, Franchisor will send you an invoice for the actual amount of remaining Opening Team costs. You must pay this invoice within 30 days.

Site ~~Model~~Review Report Fee

You will pay to Franchisor the then-current Site ~~Model~~Review Report Fee after Franchisor prepares a site ~~model~~review report and issue a "no brand standard objection" letter for the proposed site of your Restaurant. The current Site ~~Model~~Review Report Fee is \$1,000 to \$5,000, and may increase if a site visit is required~~750~~. The Site ~~Model~~Review Report Fee is nonrefundable.

We may offer you the option to purchase a license to sell additional signature products in your Restaurant and to use the signature products trademark(s) as signature products are developed.

The initial fees to be paid to us and/or our affiliate(s) before the Franchised Business opens are indicated on the chart below and in the notes to the chart.

CATEGORY	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PMT IS MADE	REFUNDABILITY
Initial Franchise Fee	\$40,000	Lump Sum	Signing of the Franchise Agreement	Franchisor	See Note (1)

CATEGORY	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PMT IS MADE	REFUNDABILITY
Opening Team Expense	\$ ~~55~~ <u>10</u> ,000 to \$ ~~100~~ <u>50</u> ,000	Two Installments	50% prior to Opening Team's arrival, balance after Opening Team's Arrival	Franchisor or its affiliate	See Note (1)
Site ~~Model~~ <u>Review</u> Report Fee	\$ ~~750~~ <u>1</u> ,000 to \$ <u>5,000</u>	Lump Sum	After Franchisor prepares a site ~~model~~ <u>Review</u> report and issue a "no brand standard objection" letter for the proposed site	Franchisor or its affiliate	See Note (1) <u>and (2)</u>

Notes:

(1) There are no refunds under any circumstances. Franchisor does not offer any financing. We may periodically reduce a fee in our sole discretion, for example, in connection with limited time promotions, new concepts and/or operational programs.

(2) If a site visit is required to prepare the Site Review Report then the fee may increase.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
<u>Remodeling Costs</u>	<u>The amount you incur to remodel your Franchised Location. These costs may range from \$50,000 to \$350,000 each time you remodel.</u>	<u>Payable to suppliers as incurred</u>	<u>You must remodel your Franchised Location in accordance with Champps Kitchen + Bar requirements. Champps Kitchen + Bar can require that you extensively remodel your Restaurant once every five to ten years. This does not include routine maintenance costs.</u>
Third-Party Performance Measurement Evaluations (Note 1)	~~Up to one-half of the cost of set programs,~~ eEstimated to range from \$300-250 to \$600-500 per month, per unitinspection	Within 30 days after receipt of an invoice	<u>Champps Kichen + Bar can utilize feedback and inspection programs to evaluate your operations, quality, compliance and food safety. Champps Kichen + Bar (in its sole discretion) may share the cost for these services upon the audit or inspection of your location if passing feedback is obtained.</u> ~~Franchisor can hire an independent shopping service and/or utilize feedback programs to evaluate your operations, quality, compliance and food safety. You and Franchisor may share the cost for these services, the frequency, nature, and extent of which Franchisor may determine.~~
Annual Meeting Registration Fee (Notes 1 and 5)	Up to \$1,000 plus incidental costs to attend	60-90 days prior to the Meeting	We will debit your account for this fee, which is non-refundable. This fee is charged to all franchisees whether or not they attend the Meeting.
Depository Account	Minimum amount to be determined by us	Signing of Franchise Agreement	(Note 3)
Charitable Contributions	To be determined by us	As determined by us	(Note 6)
<u>Network Infrastructure Equipment and Security</u>	<u>\$3,500 to \$4,500</u>	<u>Upon invoicing</u>	<u>Payable to Champps Kitchen + Bar</u>

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Technology Support Fees (Notes 1 and 7)	~~\$200 to \$325 per month~~ None as of the Issuance Date, but subject to reasonable annual and/or service enhancement increases throughout the Term	~~Same as Royalty Fee (Note 3)~~ As incurred	~~Begins immediately after you open your Restaurant. May be paid to us or an affiliate, or an outside vendor and remitted to us by Vendor, to at minimum cover our costs~~ Payable to Champps Kitchen + Bar for ongoing technology support
Credit Card Processing Fee (Note 1)	None as of the Issuance Date, but subject to reasonable annual and/or service enhancement increases throughout the Term	As invoiced	
Charges for Testing and Evaluation (Note 1)	Will vary under circumstances	As incurred	See Item 8
Renewal Franchise Fee (Note 1)	50% of the then-current Initial Franchise Fee not including any discounts or reductions	Signing of new Franchise Agreement at renewal	Applicable if you are renewing your Franchise Agreement. Renewal term is ten years.
Transfer Franchise Fee (Notes 1 and 10)	\$5,000	Prior to consummation of transfer	Payable if you are purchasing your Franchised Business as a result of a full transfer. A full transfer is including, but not limited to, a transfer of 50% or more ownership or control.
Relocation Fee (Note 1)	\$500	At signing of relocation amendment to Franchise Agreement	Payable if we approve the relocation of your store.
Non-participation Fee	\$100 per day if you fail or refuse to participate in any required national, local, regional, seasonal, promotional or other program, initiative and campaign or in any new or modified product or service test or offering.	Upon failing or refusing to participate	Payable to us.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
Early Termination Damages (Note 1)	The average monthly Royalty and Advertising Fees paid for any consecutive 12 month period within the preceding 48 month period multiplied by the number of months remaining in the term of the Franchise Agreement, and the product is divided by 2.	30 days prior to the early closing of the restaurant	You must provide us with 90 days prior written notice of the termination of your Franchise Agreement.
Attorneys' Fees and Costs	Will vary under the circumstances.	As incurred	Payable to us.
Indemnification of us and/or our affiliates for damages suffered or incurred for your actions or omissions, including amounts paid on your behalf or to cure your breaches under the Franchise Agreement	Will vary under the circumstances.	As incurred	Payable to us.
Damages for Breach of Non-Compete Obligations under the Franchise Agreement	Will vary under the circumstances.	As incurred	Payable to us
Management Fee	6% of the Franchised Business' Gross Sales (in addition to the Royalty Fee and Advertising Fee) plus our direct out-of-pocket costs and expenses.	Payable with Royalty and Advertising Fee	If we assume the management of your Franchised Business for any period of time.
<u>Lease Guarantee Fee</u> <u>(optional)</u>	<u>10% of the total amount guaranteed, up to a maximum payment of \$10,000 (if applicable) (Note 15)</u>	<u>Signing of the lease guarantee agreement (if applicable)</u>	<u>See Note 15</u>

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
<u>Reimbursement of Taxes</u>	<u>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.</u>	<u>Payable monthly by electronic funds transfer at same time as royalty and service fee.</u>	<u>Only imposed if government authority collects these taxes or assessments</u>

Notes:

(1) These fees are collected by Franchisor or its affiliate, are payable to Franchisor, and are non-refundable. These fees are uniformly imposed by Franchisor; however, Franchisor, in its sole discretion, may reduce or waive a one-time fee (*i.e.*, transfer franchise fee, renewal franchise fee, etc.) or may waive or reduce an ongoing fee (*i.e.*, Royalty Fee or Advertising Fees) for a defined period of time.

(2) In our sole discretion, we may charge, in addition to the Royalty Fee, a Surcharge of up to \$10 per week if your Restaurant is located in a state that imposes additional reporting requirements on a franchisor.

(3) At the time you sign the Franchise Agreement, you will set up a depository account with your local banking institution. You are required to maintain a minimum balance as established by Franchisor in this account at all times. This will mean that you must replenish the depository account to such amount after Franchisor makes any withdrawals. (A Pre-Authorized Electronic Funds Transfer Form by and payable to Franchisor is attached as Exhibit I).

(4) Franchisor directs that Advertising Fees be paid to us, a national advertising fund ("National Fund") designated by us, and/or, in our sole discretion, to a designated approved regional advertising fund ("Regional Fund," and together with the National Fund, the "Advertising Fund" or "Fund"). Upon sixty (60) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level by one half percent (.5%) of your weekly Gross Sales in any twelve-month period. We encourage the formation of franchisee local advertising associations (each an "LAA"). Currently, there is no established local advertising association. If a LAA is formed for your region, you must financially contribute to the LAA in addition to the National Fund, as required by us. Failure to do so will be deemed a breach of the Franchise Agreement and you may also, in Franchisor's sole discretion, lose your right to vote on decisions the LAA makes. The membership of the LAA is defined by us according to your market area. If no LAA exists where your Restaurant is located, your store will be considered a "single store" LAA and

(8) If you fail to deliver or provide to us any statement, report or other document or information required to be delivered (for example, sales reports, certificates of insurance and financial statements), by the applicable deadline, you will be assessed a late charge per week, or part thereof (until that statement, document or other information has been delivered or provided), which amount may be increased by us from time to time.

(9) If you fail to provide us with any necessary information or documentation with respect to our practice of drawing drafts against your bank accounts, you will be assessed a fee in the amount of \$100 per day.

(10) If you want to transfer the restaurant or the Franchise, or if you want to sell more than 50% of the equity of your business, you must first give us a right of first refusal, at the same price offered by any bona fide buyer. Before transfer, we must approve any new franchisee, transferee, stockholder, or assignee.

(11) The Document Administration Fee in the amount of \$500 will be charged to you if an amendment to your franchise documents must be prepared.

(12) Interest begins from the date of the underpayment.

(13) Royalties may be increased to up to fifteen percent (15%) of Gross Sales with respect to any period during which Franchisee is in breach or default of its/his/her obligations under this Agreement without providing Franchisee advance notice or right to cure. The Royalties paid or owing to Franchisor with respect to the period during which Franchisee is in breach or default are referred to as "Breaching Royalties." Breaching Royalties will be charged for a minimum fourteen (14) day period, regardless of the length of the actual breach or default.

(14) This fee may be initiated and from time to time increased to cover the potential of future increased costs affecting the gift card program, such as increased production and shipping costs and costs of processing. If fees are to increase, franchisees will receive 30-day advanced notice.

(15) If, in order to obtain the lease agreement for the site of your Champps Kitchen + Bar 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.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount Low End (1)	Amount High End (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$40,000	\$40,000	Lump Sum	See Item 5 of this Disclosure Document	Franchisor
Leasehold Improvements (3)	\$200,000	\$1,000,000	As Incurred	Within first 6 months	Suppliers
Land, Building and Construction (4)	\$1,000,000	\$4,000,000	As Arranged	Before Opening	Suppliers
Travel and Living Expenses for You and Your Management Staff During Training (5)	\$15,000	\$40,000	As Incurred	During Training	Employees , Airlines, Hotels and Restaurants
Reimbursement of Expenses for Opening Team	\$5,000	\$25,000	Due 100% at opening	See Items 5 and 11 of this Disclosure Document	Franchisor
Furniture, Fixtures, Décor, and Equipment (6)	\$530,000	\$1,280,000	As incurred	As Incurred	Supplier or Leasing Company
Architectural and Engineering Fees	\$50,000	\$170,000	As Arranged	Before Opening	Suppliers
Exterior Signs	\$45,000	\$100,000	Lump Sum	Before Opening	Suppliers
Liquor License Costs (7)	\$25,000	\$75,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
~~Site Model~~ <u>Review Report Fee (13)</u>	~~\$750~~ <u>\$1,000</u>	~~\$750~~ <u>\$5,000</u>	Lump Sum	As Incurred	Franchisor
Restaurant Lease Payments - 3 Months (8)	\$25,000 per month	\$45,000 per month	As Incurred	As Incurred	Landlord
Employee Salaries - 3 Months (9)	\$60,000	\$100,000	As Incurred	As Incurred	Employees

Type of Expenditure	Amount Low End (1)	Amount High End (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Miscellaneous (10)	\$5,000	\$20,000	As Incurred	Before Opening or otherwise as arranged	Landlord, Utilities, Government Agencies, Insurance Companies, Attorneys, Accountants, and Other Professionals
Grand Opening Celebration (11)	\$15,000	\$25,000	As Arranged	Before Opening	Suppliers
Additional Funds - 3 Months [these figures have not been offset by operating revenues] (12)	\$40,000	\$150,000	As Incurred	As Incurred	Franchisor, Employees, Suppliers and Utilities
Total if premises leased by you (143)	\$1,056,007.50	\$3,075,007.50			
Total if premises purchased by you (143)	\$12,831,455.0750	\$67,037,007.50			

Notes:

- (1) This estimated initial investment is for one new 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.

The initial franchise fee represents an actual amount. The remaining amounts included in this Item 7 are based upon Franchisor's affiliates' 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 Restaurant.
- (2) Payments are not refundable unless otherwise noted. Franchisor does not offer direct or indirect financing.
- (3) Lease only: These figures represent the cost to lease and remodel an existing building to a Restaurant. Champps Kitchen + Bar Restaurants are generally located in free-standing buildings and end caps in retail centers and require from 4,000 square feet up to 10,000 square feet of floor space with seating for 150 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, provided Franchisor can require you spend up to \$25,000 on, the Grand Opening Celebration for your Restaurant.
- (12) During at least 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) The Site Review Report Fee is applicable if a site review is requested by Franchisee. The cost of the report may increase if a site visit is required.
- ~~(13)~~ (14) These figures are estimates only, and it is very possible that you may have additional or greater expenses during this period. We cannot guarantee that you will not have additional expenses starting the business. Your costs will vary depending on the size of your Restaurant, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors. Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We will provide you with specifications for authorized food and beverage preparation, beverage dispensing, storage and display equipment, computer hardware, software licenses, other equipment, fixtures, furniture, exterior and interior signs and decorating that we require you to use or install in the Restaurant. We may specify brands, types or models for any of these items. Franchisor determines its standards and specifications at its sole discretion and may modify its written standards and specifications and you must comply with any modifications. You may purchase items meeting our specifications from any source unless we designate an approved source or sources for any of these items. You must use only such items that meet our specifications in the operation of the Restaurant and to purchase them from approved vendors if we so require. 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. We or our affiliates or an approved vendor may be the only source for some of these items and we may otherwise limit the number of approved vendors.

All requests for approving new or alternative suppliers must be submitted in writing by you and/or the supplier to Franchisor's purchasing department. Each request will be reviewed in accordance with our then-current procedures and the supplier must meet our then-current requirements, ~~which may include that our representatives be allowed to inspect the facilities of the proposed supplier,~~ and that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. Our criteria for approving suppliers is available to franchisees upon written request to the purchasing department. We reserve the right to charge you a New Vendor Approval Fee for the inspection and tests of the proposed supplier. If approved, in our sole reasonable discretion, we will notify you and/or the supplier in writing within sixty (60) days of our receipt of an approval request. You must not offer for sale or sell any of the proposed alternative supplier's products until you receive our written approval of the proposed alternative supplier. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then-current minimum standards and specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and stop purchasing from the disapproved supplier.

The Franchise Agreement requires that all food and beverage products, ingredients, equipment, computer hardware and software, furniture, fixtures, millwork, décor, signs, supplies and other products, services and materials which you will use in the operation of your Restaurant meet our standards and be purchased only from our approved distributors and suppliers (if any). You may use any operational service providers, such as exterminators, refrigeration services companies, refuse removal companies, and similar service providers that you desire. If at any time during the Term we organize a rollout for a new approved product or a new supplier of an approved product, you will be required to purchase such approved product(s) and/or service(s) from our approved distributors of the approved supplier within 60 days of notification from us and it may require you to enter into a contract directly with such vendor.

Champps Kitchen + Bar estimates that purchases of products and services under Champps Kitchen + Bar requirements, including purchases of proprietary and selected products and services, purchases of products and services that meet Champps Kitchen + Bar 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 Champps Kitchen + Bar Restaurant and approximately 50% to 75% of your ongoing expenses of operating your Champps Kitchen + Bar Restaurant.

We will provide you with one set of our confidential "ops package" which may consist of the operations manual, "ops toolkit" and related printed and electronic documents (collectively, the "Confidential Manual".) We provide all specifications and standards to you in the Confidential Manual, which we may modify from time to time by providing you with "rollout guides" for limited time offers, amendments, modifications or supplemental inserts through notices or bulletins, or by amending the Confidential Manual. A list of approved distributors for our approved vendors is maintained by our

purchasing department and will be provided to you during the pre-opening and/or construction phase for your Franchised Business. Updates will be provided to you as changes are made (i.e., additions and deletions) to the list of approved distributors for our approved vendors.

Unless otherwise agreed to by us in writing, if the property which the Restaurant is located is not owned by you, you must maintain a lease for the site of the Restaurant which must contain such terms as we specify from time to time for all leases of a similar type. Each original lease, renewal leases and lease addenda and modification of any type must be submitted to us prior to execution for our examination and approval that it contains the terms we require in all leases. You must provide us with a copy of the executed lease, any renewal lease, and any addenda and modification or other instrument or agreement governing occupancy of the premises within thirty (30) days after execution by you and the landlord. Attached as Exhibit H is a Lease Addendum to lease agreement which contains the terms we currently require. This document must be signed at the time the lease is executed.

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

You must use in the development and operation of your Restaurant the management system and computer hardware and software and related technology designated by us, including without limitation, features such as high-speed broadband connectivity, high-speed broadband monitoring, online ordering, delivery, methods and means of encryption and access to our network resources, an approved debit, credit and/or gift/loyalty card processing system, mobile application, and other technology and peripheral devices that we specify from time to time ~~(the "Brand Technology")~~. We may modify all aspects and the components of the Brand Technology from time to time. You are required to install, maintain, and operate a network security appliance and related network components approved or designated by Champps Kitchen + Bar in order to support secure connectivity with the Champps Kitchen + Bar 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, Champps Kitchen + Bar 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 Champps Kitchen + Bar 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 Champps Kitchen + Bar's current practice not to require significant system upgrades more frequently than approximately once every five years. We have the right to charge reasonable fees for software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliates furnish to you.

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, Champps Kitchen + Bar 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. We shall have independent access to data created by or stored on your POS System and other systems, including sales figures. There are no contractual limitations on our right to access this information and data.

Back Office System

You must purchase and maintain a Back Office ("RMS") system that conforms 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 Champps Kitchen + Bar for use with certain operational and management applications. Champps Kitchen + Bar 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 Champps Kitchen + Bar requirements.

~~As part of the Brand Technology, we may require you to obtain computer hardware and/or software we specify from a single vendor designated by us and we or our affiliates may be the sole supplier of all or any part of the Brand Technology. You may use only such items and services as we specify in connection with the Brand Technology. We may require that you enter into a license exclusively with us or our affiliates to use proprietary software developed by or for us. You may also be required to enter into agreements with others for use of third-party software incorporated or used in connection with the Brand Technology. Our modification of such specifications or components for the Brand Technology may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Brand Technology during the term of the Franchise Agreement. The cost to you of obtaining the Brand Technology (including software licenses) (or additions, substitutions, replacements or modifications thereto) may not be fully amortizable over the remaining term of the Franchise Agreement. You must incur such costs in connection with obtaining the computer hardware and software comprising the Brand Technology (or additions, substitutions, replacements or modifications to the Brand Technology). We have the right to charge reasonable fees for software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliates furnish to you related to the Brand Technology. You may also incur charges from third parties who render services or provide products that we require you to purchase or use. We shall have independent access to data created by or~~

~~stored on your Brand Technology, including sales figures. There are no contractual limitations on our right to access this information and data.~~

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 Franchisor. 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. There are currently no third-party vendors for help desk services. We reserve the right to offer help desk and support services and to charge fees for these services. Help desk and support services providers may also require you to sign an agreement for their services.

We reserve the right to charge you fees and expenses associated with your use of online ordering, accepting and processing applications for Restaurant-level positions through an online platform, and the requisite internet usage and connections, including the fees charged by the service provider(s), which may be subject to increase each year.

We reserve the right to require you to participate in a gift card program and obtain and use gift cards, processors, and related services from vendors approved by us and pay the fees associated with such gift card programs, which may be subject to increase each year.

There are certain seasonings, spices, food, food items, disposable and tabletop items, recipe ingredients, and drink items (and, if applicable, dispensing equipment for the drink items) that are proprietary to Franchisor or that are selected by Franchisor 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 Franchisor in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all Champps Kitchen + Bar restaurants, you must purchase all such items from a member of Franchisor's Distribution Marketing Advantage system, Sysco Corporation, or from any other vendor/distributor Franchisor may designate in the future. Franchisor reserves the right to limit the number of approved suppliers. Franchisor will provide a written list of these proprietary or selected products and services. Franchisor will also notify you of any additions to or deletions from the list.

We may, at our option, require you to enter into a lease for the restaurant premises directly with the landlord ("Direct Lease"). You and your attorneys must negotiate the terms of the Direct Lease. We have no liability to you regarding the terms or negotiations of the Direct Lease. The Direct Lease for the premises is subject to our final approval. You and the landlord under the Direct Lease must sign our approved Lease Addendum (See Exhibit H: Required Lease Terms). If we require you to enter into a Direct Lease, you must provide us with a copy of the Direct Lease and the Lease Addendum(s) for our approval at least 10 days before you sign the Direct Lease, and you must provide us with a copy of the executed Direct Lease and Lease Addendum(s) within 10 days after signing. If you do not provide us with all of the required documents, we will not approve your Direct Lease.

Depending on whether you purchase certain goods and/or services from us or our affiliates, you can expect the products and services you will purchase in accordance with our specifications will represent over 90% of the total purchases you will make to begin operations if you develop a new Restaurant, approximately 80% of the total purchases you will make to begin operations if you acquire a refranchised Restaurant, and generally are approximately 50% of your annual ongoing expenses for your Restaurant.

For the year ending November 30, 202~~5~~⁴, 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~~51,714,322~~, which was approximately ~~8.57.8~~^{8.57.8}% of MTY USA's total consolidated recognized revenue in the amount of \$604,239,000~~597,538,000~~.

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~~30,372,764~~ of the \$47,054,607~~51,714,322~~ from such vendors. Additional other revenues (for example, revenue from miscellaneous fees and expenses from franchisees) in the amount of \$5,917,821~~5,680,438~~ were also received by MTY USA and its subsidiaries during the last fiscal year.

Currently, we are not an approved supplier of any products or services. None of our officers own an interest in any of the approved suppliers not affiliated with us.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Article or Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2.1 and 2.2	7 and 11
b. Pre-opening purchases and leases	2.2, 3.3, 4.6 and 9.3	5, 7, 8, 10 and 11
c. Site development and other pre-opening requirements	2.3, and 2.4	7, 8 and 11
d. Initial and ongoing training	4.1, 4.2 and 4.3	11
e. Opening	3.1 (Note 1)	7 and 11
f. Fees	5	5, 6, 7 and 11
g. Compliance with standards and policies/ Confidential Manual	1.4, 3.2, 4.5 and 9	8, 11, 14 and 16
h. Trademarks and proprietary information	6 and 7	13 and 14
i. Restrictions on products/ services offered	2.6, 3.2 and 9.2	8 and 16
j. Warranty and customer service requirements	No obligation imposed	Not applicable
k. Territorial development and sales quotas	No obligation imposed in Franchise Agreement;	11
l. Ongoing product/service purchases	3.2, 9.2 and 9.3	8
m. Maintenance, appearance and remodeling requirements	1.4, 2.3, 12.3 and 13	7 and 11
n. Insurance	9.5	<u>7, 8</u>
o. Advertising	5.3, 5.4 and 10	6, 7 and 11
p. Indemnification	8.2, 8.3, 14.7 and 16.17	13 and 14
q. Owner's participation/ management/staffing	4.1, 4.2, 4.3, 9.1 and 9.6	11 and 15

Obligation	Article or Section in Franchise Agreement	Disclosure Document Item
r. Records and reports	5.2, 5.6 and 11.1	6 and 11
s. Inspections and audits	4.3, 4.4, 5.18, 5.20, 9.7 and 11.2	6 and 11
t. Transfer	12	6, 16 and 17
u. Renewal	13	6, 16 and 17
v. Post-termination obligations	14.5	17
w. Non-competition covenants	14.6	15 and 17
x. Dispute resolution	16.3	17
y. Other		
Personal Acceptance; Personal and Spousal Guarantees; Non-Disclosure and Non-Competition	9.8; Personal Acceptance of Sections 7.1, 7.2, 14.6 and 14.8; Guaranty of Franchise Agreement; and Non-Disclosure and Non-Competition Agreement	10, 15

Note 1: Not applicable for renewal Franchise Agreements.

ITEM 10: FINANCING

We do not offer ~~any direct or indirect financing or financing arrangement, nor will we guaranty your obligations under any note or other obligation 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, we reserve the right to require your spouse to execute and deliver to us a Guaranty of Franchise Agreement (See Exhibit E: Guaranty of Franchise Agreement) and a Non-Disclosure and Non-Competition Agreement (See Exhibit F: Non-Disclosure and Non-Competition 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 Guaranty of Franchise Agreement, and their respective spouses must execute and deliver to us a Non-Disclosure and Non-Competition Agreement, at the same time ~~that you sign this Agreement~~. In the event any person who has not previously signed a Guaranty of Franchise Agreement or a Non-Disclosure and Non-Competition 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 Guaranty of Franchise Agreement and a Non-Disclosure and Non-Competition 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.

We may 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.

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 *Champps Kitchen + Bar* restaurant at that site.

We or our affiliates may, in our sole discretion, lease the site approved by us for your *Champps Kitchen + Bar* 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 H: Required Lease Terms; Exhibit D: Franchise Agreement (New) – Section 2.2)

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as disclosed below, Franchisor is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Restaurant, we will provide the following assistance to you:

Site Selection

1. Although Franchisor 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 Business, Franchisor will provide a Site ~~Model~~Review Report for the proposed site and if a lease exists, may review the lease for the premises for compliance with the terms and conditions of the Franchise Agreement. You will provide the information as may be reasonably specified by Franchisor for the proposed site selected by you. Franchisor reserves the right, that within 30 days, Franchisor will visit the proposed site and prepare a Site ~~Model~~Review Report for you which provides certain site information relevant to assessing whether the proposed site is suitable for development of a 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 ~~Model~~Review Report is not a warranty, representation or guaranty by Franchisor that a 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 Franchisor has issued a "no brand standard objection" letter, signifying the site meets brand standards. Once a "no brand standard objection" letter is issued, you will pay Franchisor the then-current fee (currently \$1,000 to \$5,000, subject to increase if a site visit is required~~currently \$750~~) for the Site ~~Model~~Review Report (see Item 5). Franchisor can terminate your Franchise Agreement if you do not purchase or lease a site for your Restaurant within 90 days after you sign the Franchise Agreement. Franchisor can also terminate your Franchise Agreement if you fail to open your Restaurant within nine (9) months after the effective date of the Franchise Agreement ("Required Opening Date"). The decision to establish and operate your Restaurant at the location will be made solely by you, without any reliance upon any information provided (if any), recommendation made (if any) or approval given (if any) by us, or any of our respective shareholders, directors, officers, employees, representatives, agents or affiliates. You must purchase or lease your business location from independent third parties. If you intend to lease your business location, the lease must include certain required provisions (See Exhibit H: Required Lease Terms; Exhibit D: Franchise Agreement (New) – Section 2.2-

OPERATIONS 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	PURCHASING 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 LSM Community Involvement Fundraisers Promotions	FACILITY MANAGEMENT Cleaning Lists Preventative Maintenance Schedule Equipment Cleaning
HUMAN RESOURCE ISSUES Orientation Store transfers MSDS/Chemicals Food Safety Security	FINANCIAL MATTERS P&L Accounting Accounts Payable Gift Cards Credit Cards Counterfeit Bills Paid outs Voids/Refunds

Time to Open

The typical length of time between the earlier of the signing of the Franchise Agreement or the first payment of consideration for the franchise and the opening of the Franchised Business is six (6) to twenty four (24) months. The factors that may affect this time are: lease or purchase negotiations; whether your Restaurant will be operated out of a converted premises or newly constructed building; zoning procedures; financing applications; local ordinances and approvals; obtaining licenses and permits; construction delays; weather conditions; shortages; delayed installation of equipment, fixtures and signs; development or construction not in accordance with our requirements; labor disputes; Acts of God; hiring and training your employees, and completing the training program and other reasons.

Training

1. 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. Franchisor will train your Operating Partner up to ~~of~~ 20 shifts, your General Manager up to 35 shifts, and two to four other members of your Management Staff up to 35 shifts (see Section 4.1 of the

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 Franchisor.

(3) After you and your Management Staff have successfully completed the training program, Franchisor will arrange for an Opening Team, at your expense, to assist you with opening your Restaurant (see Section 4.3 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, if any, you will be asked to provide a prescribed number of certified trainers for the Opening Team based upon your existing number of staff. Franchisor 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 Franchisor. There is no fee for this opening assistance. However, you will pay Franchisor for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team within 30 days after receipt of an invoice from Franchisor. Note: 50% of this expense is billed up front before the opening date.

(4) Franchisor will provide franchisees access to Manuals (see Section 4.5 of the Franchise Agreement). The Manuals are confidential and will remain the property of Franchisor during and after the term of the Franchise Agreement. You and your restaurant managers must be able to read and write English adequately, in our good faith opinion, to satisfactorily complete our Training Program and to communicate with employees, customers and suppliers. Notwithstanding the foregoing, Franchisor has the right to require Franchisee and/or its manager_s(s) to attend additional in-store training in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's systems standards. Please note, at our sole discretion, the Training Program for a non-traditional Restaurant may differ slightly from the Training Program outlined above.

3. If you would like additional training after completing the Training Program, we will provide additional training to you for a per diem training fee (currently \$750 per day) for each trainer provided by Franchisor. You must also reimburse Franchisor for the travel expenses it incurs, estimated to range from \$100 to \$1,000 per trainer. Notwithstanding the foregoing, Franchisor has the right to require Franchisee and/or its managers(s) to attend additional training in the event Franchisee is not operating the Franchised Business pursuant to Franchisor's systems standards.

5. In addition to the Training Program, you must ensure that all your employees are trained in Champps Kitchen + Bar restaurant procedures. You are solely responsible for hiring and training your employees. You must also ensure that the manager(s) and all employees whose duties include customer service are able to speak and read English and any other language that may be required to adequately meet the public needs in your restaurant. We believe training is important to the success of the Champps Kitchen + Bar System, and from time to time, we may offer informal training sessions to franchisees. We believe it is in your best interest to attend any such training sessions.

in the Marketing Fund for local, regional or national media coverage using any particular media or in any particular market. Franchisor does not have to spend the Advertising Fees in your market area in proportion to the Advertising Fees paid by you. Franchisor 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. The Fund is not audited. A summary generally showing the income to and the expenditures from the Marketing Fund during each ~~calendar~~-fiscal year will be prepared by Franchisor each year for the preceding year, and copies of the summary will, upon written request, be provided to you on a confidential basis no more than once a year.

4. A telephone directory advertisement must be approved by us in advance (See Franchise Agreement—Section 10.2).

5. All advertising by you in any medium must be conducted in a professional manner, must conform to the standards and requirements in our Confidential Manual, and must display our Proprietary Marks only in those forms approved by us. We may make available to you, from time to time, approved advertising, promotional plans and materials for purchase (See Franchise Agreement—Sections 3.2 and 10.2).

6. You may not maintain a website, software application, a mobile application, social media account (including, but not limited to, an account, group or page on Facebook®, Flickr®, Foursquare®, Google+®, Instagram®, LinkedIn®, Pinterest®, Snapchat®, Tumblr®, X/Twitter®, YouTube®, Vine®, VKontakte or Weibo®). In addition, if and when Franchisor provides the Franchisee with access to the local restaurant template page (the “Subpage”) on Franchisor’s main Champps Kitchen + Bar public website or another website maintained by Franchisor, the Franchisee will be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Franchisor may set forth in the Manuals or otherwise. Finally, you may not use the words “Champps Kitchen + Bar” or any other Marks as any part of an email address or any domain name, absent Franchisor’s prior approval (See Franchise Agreement – Section 3.4).

7. We will encourage our franchisees to form and operate a Local Advertising Association (the “LAA”). Each LAA will coordinate advertising and marketing efforts and programs and will attempt to maximize the efficient use of local advertising media. No LAAs have been formed to date. If a LAA is formed for your region, you must financially contribute to the LAA as required by us. Failure to do so will be deemed a breach of the Franchise Agreement and you may also, in Franchisor’s sole discretion, lose your right to vote as to LAA matters. The membership of the LAA is defined by us according to your market area. We are responsible for administering the LAA. We may prepare for each LAA a statement on the use of advertising collections and expenditures. The LAA will not conduct any advertising, promotion, marketing or public relations program or campaign for the Restaurants in the DMA until Franchisor 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 Franchisor and its members as set forth

upgrades and updates to the POS System with an approved supplier of such services identified by us on the list of approved vendors and distributors or other notification to you from us advising of suppliers for your market area. As the date of this disclosure the estimated average costs for maintenance, upgrades and updates of the POS System are approximately \$2,500 per year, which may vary depending on system upgrades, replacements, or operational requirements. Your POS System cost per restaurant will depend, among other things, on your restaurant's size and configuration, the system options you choose and/or we determine (such as drive-thru needs (if any), and printer needs), and the types of telephone and internet access services available. As of the date of this disclosure the estimated costs of the required POS System for a restaurant ranges from \$2,500 to \$8,000 fully installed. The 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 Champps Kitchen + Bar, or from commercially available vendors that meet Champps Kitchen + Bar specifications and compatibility requirements that are approved by us. You may be required to obtain a high-speed/always-on internet connection service for your POS System. This requirement shall be defined by the then-current Confidential Manual, which may change from time to time. If high-speed/always-on internet connection service is not available in your area, dial-up Internet access may be used until high-speed/always-on internet connection service becomes available in your area. As noted in Item 8, you have an obligation to make additions, substitutions, replacements and modifications ~~to the Brand Technology~~ which includes that you may be required, from time to time, to upgrade the POS System's hardware and/or software, at your sole cost and expense, to maintain the POS System in conformity with our then current requirements. You are also 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. As of the disclosure date the estimated cost for these required software and hardware 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 Champps Kitchen + Bar, its affiliates, or approved third-party vendors. The scope of required services and the associated fees may be modified by Champps Kitchen + Bar from time to time based on technology requirements, system changes, or operational needs, and such changes may occur without prior notice. In addition, Champps Kitchen + Bar may require additional office and telecommunications equipment, and computer hardware, peripherals and software you use in your Champps Kitchen + Bar 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 (Champps Kitchen + Bar specifies in the Confidential Manuals or otherwise in writing). You are responsible for the cost of those items. You must complete training for the POS System as we require. If you are buying refranchised restaurant with an older cash register system, it is a requirement for the transfer that you purchase and install the then current POS System in the restaurant. (See Franchise Agreement – Section 4.6).

a. We require you to use a POS System that meets our specifications in order to: (i) assist you in the operation of your Restaurant; (ii) allow us to monitor your gross sales; (iii) enable us to develop chain-wide statistics that may improve purchasing; (iv) assist us in the development of new authorized products or the removal of existing unsuccessful authorized products; (v) enable us to refine existing authorized products; (vi) generally improve system-wide understanding of our marketing efforts; and (vii) obtain new types of information. The POS System must be configured so that we have independent and remote access to the information and data stored in it. This access allows us to exchange/collect data and other information on such basis as we shall from time to time communicate to you. There are no contractual limitations on our right to access the information in your POS System. All approved cash registers are capable of recording accumulated sales and cannot be turned back or reset, and must be able to retain data in the event of power loss. You must purchase the approved electronic POS System from an approved vendor, as we have required our approved supplier to make special modifications to their equipment and systems to comply with our requirements (See Franchise Agreement – Section 4.6). You must also purchase approved software for your restaurant, and it is recommended that you also purchase hardware support for all modules for the first year you operate your Restaurant. This cost is subject to change by the supplier.

b. The approved POS System has in its specifications integrated “card swipe” systems that process debit card, credit card, or other non-cash payment systems including our stored value gift cards, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and/or payment programs (collectively, the “Gift/Loyalty Card”) sponsored by us or our affiliates (if any). You must obtain credit card and gift card processing services from our approved vendors. Charges associated with credit card and gift card transactions are traditionally compiled per transaction and therefore will likely vary from restaurant to restaurant, and may increase at any time with a 30 day notice. The Payment Card Industry (“PCI”) requires all companies that process, store, or transmit credit card information to protect the cardholders’ information by complying with the PCI Data Security Standard (“PCI DSS”). Therefore, as a franchisee who accepts credit cards, you are required to be PCI compliant by following and adhering to PCI DSS, completing an annual questionnaire and quarterly network PCI scans and installing a network firewall appliance for logging, tracking, reporting, and security assessment. We may require a particular firewall (hardware and/or software). The PCI compliance is mandated by the Payment Card Industry. The cost is subject to change by supplier. You are also required to validate with Franchisor that your store is PCI compliant to show validation you must send Franchisor your Passing Certificate showing your store

is PCI compliant and also verify that you have a PCI compliant firewall appliance installed at your location if you process credit cards via high-speed internet connectivity.

c. You must purchase a computer and connect to the Internet so that you can report your gross sales online, so that you can receive online orders, so that we can communicate by email, so that you can use Internet services, and so that you can receive other electronic information we send. You also must, at your cost, maintain membership in a designated third-party network, and maintain an active email account. We may revise our computer specifications. If we do so, we may require you to upgrade or update your computer. There is no contractual limitation on the frequency and cost of this obligation. There may be comparable equivalents on the market for the computer we require, but we have not yet tested or approved any comparable computer; however, we may do so in the future. You are responsible for backing up and otherwise protecting your data on your computer. You are also responsible for recording and restoring all software license keys. We may require you to upgrade the hardware and software as reasonably necessary to provide reports and information required by us. You may be required to participate in online ordering and delivery programs, which may, in Franchisor's sole discretion, require you to pay for certain goods and/or services from Franchisor, Franchisor's affiliate, and/or unaffiliated third-party providers. You 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 \$75, a Transaction Fee of \$0.11 per transaction, a one-time store activation fee of \$250 for all new locations. This provider and/or its fees may change, in Franchisor'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 deliver 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.~~You may be required to participate in online ordering and delivery programs, that require you to pay a fee us, our affiliate, and/or a third-party vendor.~~

2. We require that you permit us to poll your sales information on a daily basis, and that you execute a Pre-Authorized Electronic Funds Transfer Form by and payable to Franchisor (which is attached to this Disclosure Document as Exhibit I), permitting us to weekly debit your account for payment of weekly royalty and advertising fees and debit your account as necessary for product purchases from us or our affiliates. (See Franchise Agreement – Sections 5.2 and 5.3). We may require you to enter weekly inventory information, and if so, would require that you permit us have remote access to that information (See Franchise Agreement – Section 4.6). We may require you to permit us access to your POS System, restaurant management software, and financial records (or similar tools thereto) to poll your information daily, or more frequently, by electronic or other remote means and there are no contractual limitations on our right to access such information (See Franchise Agreement – Section 5.2).

immediately. In addition, we may require you to close your Restaurant until we are satisfied that any unhealthy, unsafe or unsanitary condition has been completely corrected.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Term of the Franchise	Section 1.3	Ten (10) years from the Required Opening Date.
b-1. Renewal or extension of the Term	~~Section~~ <u>Article 13</u>	If you are not in default and satisfy certain conditions, you may renew for a single renewal term of ten (10) years, with no further right to renew at the end of the renewal term.
c-1. Requirements for you to renew or extend	~~Section~~ <u>Article 13</u>	“Renewal” means to sign a renewal Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in renewing franchises) and all other agreements then customarily used by us in the granting of franchises. The renewal Franchise Agreement may have materially different terms and conditions than the original Franchise Agreement, including higher royalty and advertising fees. If offered, you must: give at least ~~120-210~~ days’ notice prior to the expiration date of the term; not be in default; be in compliance with the terms of the Franchise Agreement and Confidential Manual; not have received more than 3 notices of default or breach of the Franchise Agreement during its term, nor more than 2 such notices during the 5 years immediately before the proposed renewal date; have a premises; sign a new Franchise Agreement which may have materially different terms and conditions than the original Franchise Agreement; pay a renewal franchise fee; remodel or refurbish if necessary; and be current on all financial obligations to us. You must also sign the General Release in form attached to the

Provision	Section in Franchise Agreement	Summary
		Disclosure Document as <u>Exhibit J.</u>
b-2. Successor Term	~~Section~~ <u>Article 13</u>	If at the end of your renewal term, you are not in default and satisfy certain conditions, you may apply for a successor term.
c-2 Requirements for you to obtain a successor term	~~Section~~ <u>Article 13</u>	Applying for and entering into a “successor” term means to sign a new Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in entering into new franchises) and all other agreements then customarily used by us in the granting of franchises. The successor term Franchise Agreement may have materially different terms and conditions than the original Franchise Agreement, including higher royalty and advertising fees. In the event you desire to apply to us to extend your rights to operate the Franchised Business for a successor term, you must: give at least ~~120~~ <u>210</u> days’ notice prior to the expiration date of the renewal term; not be in default; be in compliance with the terms of the Franchise Agreement and Confidential Manual; not have received more than 3 notices of default or breach of the Franchise Agreement during its term, nor more than 2 such notices during the 5 years immediately before the proposed successor term effective date; have a premises; sign a Franchise Agreement which may have materially different terms and conditions than the original Franchise Agreement; pay an initial franchise fee; remodel or refurbish if necessary; and be current on all financial obligations to us. You must also sign the General Release in form attached to the Disclosure Document as <u>Exhibit J.</u> We reserve the right to reject your application for a successor term, at our sole discretion, for any reason, without limitation, failure to meet our then-current standards or requirements for new franchisees. If we decide to reject your application for a successor term to operate the Franchise Business, we will give you a notice to that effect within sixty (60) days after you deliver to us your notice of intent to apply for a successor term.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2023 to 2025
(United States)

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR (Note 1)	OUTLETS AT THE END OF THE YEAR (Note 1)	NET CHANGE (Note 1)
Franchised				
	2023	2	2	0
	2024	2	~~2~~ <u>1</u>	~~0~~ <u>-1</u>
	2025	1	1	0
Company - Owned				
	2023	1	1	1
	2024	1	1	0
	2025	1	1	0
Total Outlets				
	2023	3	3	0
	2024	3	~~3~~ <u>2</u>	~~0~~ <u>-1</u>
	2025	2	2	0

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
[All States]		
	2023	0
	2024	0
	2025	0
Total		
	2023	0
	2024	0
	2025	0

Table No. 3

**Status of Franchised Outlets
For years 2023 to 2025**

STATE	YEAR	OUTLE TS AT START OF YEAR (Note 1)	OUTLE TS OPENE D	TERMIN ATIONS	NON- RENEW ALS	REACQ UIRED BY FRANC HISOR	CEASE D OPERA TIONS- OTHER REASO NS	OUTLE TS AT END OF THE YEAR (Note 1)
IN								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0 ₁	1 ₀
	2025	0	0	0	0	0	0	0
WI								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0 ₁	2 ₁
	2025	1	0	0	0	0	0	1

Table No. 4

**Status of Company Owned Outlets
For years 2023 to 2025**

STATE	YEAR	OUTLET S AT START OF YEAR (Note 1)	OUTLET S OPENED	OUTLET S REACQ UIRED FROM FRANCH ISEE	OUTLET S CLOSED	OUTLET S SOLD TO FRANCH ISEE	OUTLET S AT END OF THE YEAR
MN							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Totals							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

	2025	1	0	0	0	0	1
--	------	---	---	---	---	---	---

(1) Owned and operated by Franchisor's unaffiliated predecessor until April 2022 (see Item 1).

Table No. 5

Projected Openings as of November 30, ~~2024~~2025

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

Exhibit K lists the names of all of operating franchisees, as well as the addresses and telephone numbers of their Restaurants as of November 30, ~~2024~~2025. Exhibit K also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee/area developer who had an outlet 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 us within 10 weeks of the issuance date of this Disclosure Document.

Exhibit L lists all the Restaurants owned by Franchisor as of November 30, ~~2024~~2025.

If you buy this franchise, your contact information may be disclosed to other buyers during your time in and after you leave the franchise system.

During the last three (3) fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experiences as a franchisee in our franchise system.

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are the audited consolidated financial statements of Franchisor's parent company, MTY Franchising USA, Inc. ("Guarantor") for the fiscal years ended November 30, 202~~5~~⁴, and 202~~4~~³, and for the fiscal years ended on November 30, 202~~4~~³, and 202~~3~~².

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 C: Performance Guaranty).

ITEM 22: CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit D	Franchise Agreement
Exhibit E	Guaranty of Franchise Agreement
Exhibit F	Non-Disclosure and Non-Competition Agreement
Exhibit G	Collateral Assignment and Irrevocable Special Power of Attorney
Exhibit H	Required Lease Terms (Lease Addendum to Lease Agreement)
Exhibit I	Pre-Authorized Electronic Funds Transfer Form
Exhibit J	General Release for Renewal of Franchise Agreement
Exhibit K	List of Current/Former Franchisees
Exhibit L	List of Company-Owned Restaurants
Exhibit M	State Effective Dates
Exhibit N	Receipts

ITEM 23: RECEIPTS

Exhibit N to this Disclosure Document is a detachable receipt. You are to keep one copy and return the other copy to us.

**ADDENDUM TO THE BQ CONCEPTS, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA**

- A. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
- B. Neither the franchisor, franchise broker nor any person in Item 2 of the Disclosure Document are 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 person from membership in such association or exchange.**
- C. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C.A. Sec. 101 et seq.).**
- D. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreements. This provision may not be enforceable under California law.**

~~The Franchise Documents may require application of the laws of the State of Arizona. Any provision that does may not be enforceable under California Law.~~

- E. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.**
- F. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516).**
- G. BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).**
- H. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.**

8. The Franchise Agreement and the other documents to be signed by the franchisee provide that we do not grant you any exclusive or protected territory for your restaurant.

9. The Franchise Agreement and the other documents to be signed by you further allow the franchisor to locate franchised or corporate-owned locations of food concepts similar to and in the immediate vicinity of your restaurant. There may also be locations of similar food concepts that are owned by affiliates of the franchisor already open and operating in the immediate vicinity of your restaurant.

10. Section 683.8 of the General Business Law of the State of New York requires franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the Franchise Agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

FACTORS TO BE CONSIDERED:

~~Any disputes, differences or controversies that arise pursuant to the Franchise Agreement or breach thereof which cannot be settled by mediation shall be settled by arbitration. All such proceedings shall be held in Maricopa County, Arizona. This information should be taken into consideration in determining whether or not to purchase this franchise.~~

The franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

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 THE BQ CONCEPTS, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON**

~~—The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement.~~

1. ~~If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:~~

~~Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:~~

~~(2) For the purpose of this chapter and without limiting its general application, it shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:~~

~~(a) Restrict or inhibit the right of the franchisees to join an association of franchisees.~~

~~(b) Require a franchisee to purchase or lease goods or services of the franchisor or from approved sources of supply unless and to the extent that the franchisor satisfies the burden of proving that such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds, and do not substantially affect competition: PROVIDED, that this provision shall not apply to the initial inventory of the franchise. In determining whether a requirement to purchase or lease goods or services constitutes an unfair or deceptive act or practice or an unfair method of competition the courts shall be guided by the decisions of the courts of the United States interpreting and applying the anti-trust laws of the United States.~~

~~(c) Discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any other business dealing, unless and to the extent that the franchisor satisfies the burden of proving that any classification of or discrimination between franchisees is: (i) Reasonable, (ii) based on franchises granted at materially different times and such discrimination is reasonably related to such difference in time, or is based on other proper and justifiable distinctions considering the purposes of this chapter, and (iii) is not arbitrary. However, nothing in (c) of this subsection precludes negotiation of the terms and conditions of a franchise at the initiative of the franchisees.~~

~~(d) Sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.~~

~~(e) Obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless such benefit is disclosed to the franchisee.~~

~~(f) If the franchise provides that the franchisee has an exclusive territory, which exclusive territory shall be specified in the franchise agreement, for the franchisor or subfranchisor to compete with the franchisee in an exclusive territory or to grant competitive franchises in the exclusive territory area previously granted to another franchisee.~~

~~(g) Require franchisee to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by this chapter, except as otherwise permitted by RCW 19.100.220.~~

~~_____ (h) Impose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary.~~

~~_____ (i) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, or the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.~~

~~_____ (j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor."~~

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably

~~restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.~~

~~4.—— Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~5.—— Ranch*1, Inc. and its subsidiaries, all affiliates of BQ Concepts, LLC, filed for Bankruptcy Protection Code Chapter 11 of the United States Bankruptcy Code on July 3, 2001. Full disclosure of the particulars of this filing is in Item 4 of this Disclosure Document.~~

~~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.~~

TABLE OF CONTENTS

ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS	2
ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION	5
ARTICLE 3. OPERATIONS	10
ARTICLE 4. TRAINING, ASSISTANCE AND START-UP MATERIALS.....	12
ARTICLE 5. FEES AND DEPOSITS.....	16
ARTICLE 6. PROPRIETARY MARKS	24
ARTICLE 7. TRADE SECRETS AND PROPRIETARY INFORMATION.....	26
ARTICLE 8. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.....	28
ARTICLE 9. OPERATING STANDARDS AND DUTIES OF FRANCHISE OWNER.....	30
ARTICLE 10. ADVERTISING AND PROMOTION	35
ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS	36
ARTICLE 12. TRANSFER	38
ARTICLE 13. RENEWAL.....	42
ARTICLE 14. DEFAULT AND TERMINATION	44
ARTICLE 15. NOTICES.....	52
ARTICLE 16. CONSTRUCTION AND ENFORCEMENT; MISCELLANEOUS	53
ARTICLE 17. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE.....	60
ARTICLE 18. SUBMISSION OF AGREEMENT.....	65
PERSONAL ACCEPTANCE OF SECTIONS 7.1, 7.2, 14.6, AND 14.8	1
~~ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS~~	~~2~~
~~ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION~~	~~5~~
~~ARTICLE 3. OPERATIONS~~	~~10~~
~~ARTICLE 4. TRAINING, ASSISTANCE AND START-UP MATERIALS.....~~	~~12~~
~~ARTICLE 5. FEES AND DEPOSITS.....~~	~~16~~
~~ARTICLE 6. PROPRIETARY MARKS~~	~~24~~

~~ARTICLE 7. TRADE SECRETS AND PROPRIETARY INFORMATION.....~~	~~26~~
~~ARTICLE 8. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.....~~	~~28~~
~~ARTICLE 9. OPERATING STANDARDS AND DUTIES OF FRANCHISE OWNER.....~~	~~29~~
~~ARTICLE 10. ADVERTISING AND PROMOTION.....~~	~~34~~
~~ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS.....~~	~~35~~
~~ARTICLE 12. TRANSFER.....~~	~~37~~
~~ARTICLE 13. RENEWAL.....~~	~~42~~
~~ARTICLE 14. DEFAULT AND TERMINATION.....~~	~~43~~
~~ARTICLE 15. NOTICES.....~~	~~52~~
~~ARTICLE 16. CONSTRUCTION AND ENFORCEMENT; MISCELLANEOUS.....~~	~~52~~
~~ARTICLE 17. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE.....~~	~~60~~
~~ARTICLE 18. SUBMISSION OF AGREEMENT.....~~	~~65~~
~~PERSONAL ACCEPTANCE OF SECTIONS 7.1, 7.2, 14.6, AND 14.8.....~~	~~1~~

EXHIBITS:

A State Addenda to Franchise Documents

marks, logos, insignias, trade names and trade dress are referred to in this Agreement as the "Proprietary Marks."

C. We are engaged in the business of licensing the right to use the Proprietary Marks in connection with the operation and promotion of the System.

D. You understand and recognize that: (1) our Trade Secrets, Proprietary Marks, developments and other properties as recited above are of considerable value; and (2) it is of importance to us and all of our franchisees to maintain the development of the System in a uniform and distinctive manner, allowing you and our other franchisees to enjoy a public image and reputation greater than most single franchisees could establish.

E. You desire to make use of the "Champps Kitchen + Bar[®]" trademark and to enjoy the benefits of that mark, the other Proprietary Marks, and the System; and to establish a "Champps Kitchen + Bar" franchise to be operated in accordance with System Standards set forth from time to time by us. System Standards are set forth in, without limitation, the confidential "ops package," which consists of the "operations manual" ("Operations Manual"), "ops toolkit" and related printed and electronic documents, both now existing and hereinafter developed (individually and collectively, "Confidential Manual"). We are willing to grant you the right to do so under the terms, conditions and provisions set forth in this Agreement, which includes all appendices, addenda, amendments, attachments and exhibits.

F. You recognize the necessity and desirability of protecting our reputation, goodwill, Trade Secrets, and other confidential business information; and that disclosure of Trade Secrets and confidential business information, including specifics of the System to any third-party, will cause irreparable damage and harm to us.

AGREEMENT:

The parties agree that the foregoing Recitals are hereby incorporated and made part of this Agreement and further agree as follows:

ARTICLE 1. GRANT OF FRANCHISE; TERM; SYSTEM STANDARDS

1.1 Franchise Grant.

We hereby grant to you a Champps Kitchen + Bar franchise that includes the right to use the System (~~"Franchised Business"~~) as provided in this Agreement, at the following location ("Location"):

Street Address: _____

City/State/Zip Code: _____

Additional Location Information
(if applicable) _____

The Champps Kitchen + Bar franchise at the Location will be collectively herein referred to as the "Franchised Business".

h. cooperation with and participation in: (i) market research and testing; and (ii) product and service development programs;

i. acceptance of our stored value gift cards, including gift cards sold at a discount, loyalty cards, frequency cards, gift certificates, vouchers, and any other similar electronic card and payment programs (individually and collectively, "Gift/Loyalty Card"), credit and debit cards, other payment systems, check verification services and use of point of sale computer systems; You agree to enter into a separate participation agreement with the approved vendor for data processing services;

j. bookkeeping, accounting, data processing and record keeping systems; computer hardware and software; connections to the Internet or to proprietary networks; forms, methods, formats, content and frequency of reports to us of Gross Sales (as defined in *Article 5*), financial performance and condition; and providing tax returns and other operating and financial information to us; and

k. conduct and maintain the Franchised Business and Location so as not to distract from or interfere with the integrity of the System (individually and collectively, "System Standards"). We may, in whole or in part, change, improve, update and further develop the System Standards, from time to time during the term. You shall comply with the updated System Standards as directed by us.

The operation and maintenance of your Franchised Business according to the System Standards are essential to the well-being and vitality of the System and to preserve the goodwill of the Proprietary Marks for us and for all other franchisees operating under the System. It is critical to the System for all restaurants operating under the Champps Kitchen + Bar System to present a uniform and professional image to Champps Kitchen + Bar customers regardless of which location the customer visits. Any information regarding the operation of the Franchised Business will be considered a mandatory System Standard, unless it is clear from the express language of our communication that the information is merely optional or is intended by us as a suggestion, rather than a requirement.

You agree that System Standards constitute binding provisions of this Agreement as if they were an integral part of this Agreement.

ARTICLE 2. SELECTION OF LOCATION; CONSTRUCTION AND RELOCATION

2.1 Location Selection Procedures.

You must select a Location that satisfies our minimum site requirements (such confirmation will be provided to you by us in writing) and purchase or sign a lease for your Franchised Business Location within nine (9) months from the Effective Date of this Agreement. Failure to do so will be deemed a material breach of this Agreement and grounds for termination. Upon receipt of all items requested by Franchisor from Franchisee, Franchisor will have 30 days to visit and/or review the site proposed by Franchisee and prepare a Site Model Review Report that will provide Franchisee with certain site information relevant to assessing whether the proposed site is suitable for development of a Restaurant. The Site Model Review Report represents Franchisor opinion based on its past experience and is offered for consideration and independent evaluation by Franchisee and its advisors. It is not a representation of fact, or guaranty of any type and is provided only on the express understanding, as stated herein, that Franchisor has no liability of any kind whatsoever with respect to the information provided.

Franchisee agrees and acknowledges that the Site ~~Model~~Review Report may provide an estimate of revenues for the site selected by Franchisee but that there is no representation, warranty, or guaranty that Franchisee's Restaurant will attain these estimated revenues if Franchisee selects this site as the Franchised Location or that the estimate is based on any validated or substantiated methodology. Franchisee will pay Franchisor the then-current fee for the Site ~~Model~~Review Report after Franchisor issues a "no-brand-standards-objection" letter for the site. The fee for a Site ~~Model~~Review Report is currently ~~\$750~~\$1,000 to \$5,000, but this fee may be increased by Franchisor at any time. Franchisee will not purchase or lease a proposed site until Franchisor has provided Franchisee with a no-brand-standards-objection letter for that proposed site

If you cannot secure an acceptable Location for your Franchised Business by the Required Opening Date, then we may terminate this Agreement by giving you notice to that effect. You are ultimately responsible for the selection of the Location. We will not have any liability to you with respect to your selection of the Location, any assistance we provide you in making your selection, our recommendation of any location or a third party to assist you in selecting a location, or our allowing you to move forward on any location. You agree that your selection of the Location will be based on your own independent investigation of the suitability of the Location.

2.2 Lease and Purchase Approval.

If you intend to lease the Location for your Franchised Business, the lease will be subject to our prior limited review and acknowledgment so that we can confirm that certain lease terms are incorporated into the lease. You must provide us, at least thirty (30) days prior to executing the lease, a copy of the lease and details relating to square footage, rent per square foot, the term of the lease, and either confirmation that such other terms as we reasonably require are incorporated into the lease or that you and the landlord agree to incorporate the lease addendum to lease agreement as an exhibit to the lease. You or your attorney shall be responsible for negotiating the terms of the lease, which shall be subject to our final limited review and acknowledgment. If you do not submit all of the required documents to us, we will not allow you to move forward with your lease. We have no liability to you regarding the terms or negotiations of the lease.

If, prior to executing the lease, you or your attorney request a full review of your lease, including any and all exhibits attached thereto, and we or our designated affiliate review your entire lease and exhibits and provide to you or your attorney its review of the entire lease and suggested changes to the lease ("Lease Review"), you must pay a Lease Review Fee (as defined in *Section 5.7*) to compensate for time and effort in reviewing the lease. The Lease Review is optional and only completed by us or our designated affiliate at your or your attorney's request. The Lease Review Fee is due only in the event that you or your attorney request us or our affiliate to complete a Lease Review. Each lease must contain the required lease terms set forth in the Lease Addendum to Lease Agreement, and must specifically state that we are a third-party beneficiary of the lease. If we cure any default by you under the lease, any amounts that we pay to cure the default will be payable by you to us on demand, together with interest thereon, at the lesser rate of one and one-half percent (1½%) or the maximum rate that does not violate applicable state usury laws ("Default Rate") per month from the date we make such payment.

You acknowledge and agree that on the earlier of thirty (30) days after: (i) you receive a fully executed copy of your lease for the Location of your Franchised Business; or (ii) you open your Franchised Business to the public, you must provide a fully-executed copy of your lease for

2.6 Restricted Use of Restaurant Location.

You may not wholly or partially sublet the Location without our prior written consent. The Location may be used only for the operation of a Champps Kitchen + Bar restaurant in compliance with this Agreement and the System Standards. You shall not conduct other businesses or activities at the Location without our prior written consent.

2.7 Not Applicable.

ARTICLE 3. OPERATIONS

3.1 Commencing Operations.

You agree to start operating your Franchised Business at the confirmed Location on or before the Required Opening Date. You acknowledge that before starting operations you must, at your own expense, do the following (in addition to any other requirements set forth in this Agreement):

- a. Complete a food safety training program at your sole cost and expense. We will accept the certificate for the required program through your local county or state health department or any other nationally recognized food safety program. You must provide us with a copy of your certificate prior to commencing training;
- b. Successfully complete the Training Program described in *Section 4.1*;
- c. Purchase, lease or otherwise acquire from the list of approved sources provided by us all the signage, supplies, equipment, fixtures, inventory and other items necessary to operate the Franchised Business; and
- d. Obtain liability insurance in accordance with the requirements described in *Section 9.5* and provide to us evidence that such insurance has been obtained.

Prior to opening the Franchised Business, you must notify us that you have satisfied all requirements to begin operations, and provide us with such documents as we may reasonably request that show your compliance with all such requirements. Upon receipt of our acknowledgment that such requirements have been satisfied, you will have five (5) days to begin operations of your restaurant. If you do not begin operations of your Franchised Business at the confirmed Location before the Required Opening Date, then we may terminate this Agreement by giving you notice to that effect.

3.2 Supplies and Promotional Materials; Rollouts.

You agree to sell only those menu items, products and services authorized under the terms of this Agreement and as specified in the Confidential Manual, and you shall use only supplies and ingredients in making those menu items that are in compliance with the standards as set forth in the Confidential Manual or other documents provided by, or approved by, us as they presently exist or may exist 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. You shall purchase all such services, supplies and ingredients only from approved vendors and utilize approved distributor(s) as specified in the documents provided by, or approved by, us

begins. Notwithstanding the above, all amounts owed to us under this Agreement prior to the temporary closure shall still be fully due and payable. The temporary closure of your Franchised Business shall not exceed ninety (90) days, but may be extended on a case-by-case basis at our sole discretion and with our prior written approval.

In our sole discretion, we may charge, in addition to the Royalty Fee, a surcharge of up to Ten Dollars (\$10) per week if your Franchised Business is located in a state that imposes additional reporting requirements on a franchisor ("Surcharge"). The Royalty Fee and applicable Surcharge shall be due and payable no later than Tuesday of each week, which day may be modified by us without prior notice to or approval from you, for the week ending on the preceding ~~Monday-Sunday~~ in which applicable Gross Sales (as defined below) were earned from the Franchised Business. The weekly Royalty Fee and applicable Surcharge shall be paid by electronic funds transfer, as detailed below.

For the period of time commencing on the later of the Effective Date or the date the Franchised Business opens to the public, and for the duration of the Term, you are required to electronically report Gross Sales to our designated accounting department in a method as further detailed in the Confidential Manual, and as set forth in *Section 5.6*. Nothing herein shall prevent Franchisor from electronically polling Franchisee's POS system, restaurant management software, and financial records (or similar tools thereto) daily, or more frequently, by electronic or other remote means and Franchisee hereby grants Franchisor authority to do so; however, such authority does not negate Franchisee's requirement to ensure all sales are timely and accurately reported each week. You shall be required to establish a Depository Account (as defined in *Section 5.6*) at the time you execute this Agreement as set forth in *Section 5.6*. Payment of the Royalty Fee, Advertising Fee (as defined in *Section 5.3*), and all other fees due under this Agreement to us shall be made via electronic transfer of funds from the Depository Account. To accomplish this electronic transfer of funds from the Depository Account, you must complete, sign and deliver to us, and maintain for the duration of the Term, a current Electronic Funds Transfer Authorization in a form that we provide.

As used in this Agreement, "Gross Sales" means all sales, money or things of value, received or receivable, directly or indirectly, by Franchisee on account of the Franchised Business, less applicable sales taxes and any properly documented refunds, credits and allowances given by you to customers in accordance with the System Standards, but without deducting any of your income taxes, costs and other expenses. All sales made from catering services must be included in the Gross Sales.

5.3 Advertising Fee.

a. You must pay to us, or directly into a national advertising fund or also any regional advertising funds, as designated by us at our sole discretion, (individually and collectively, "Advertising Fund") a weekly advertising fee of one percent (1%) of the Gross Sales for the preceding week ("Advertising Fee"). From time to time during the Term and upon sixty (60) days' notice by us to you, we may unilaterally increase the Advertising Fee from its current level provided however, that we may not increase the Advertising Fee by more than one half percent (0.5%) in any 12-month period. The Advertising Fee shall be due and payable with the Royalty Fee under *Section 5.2*. The Advertising Fee is our property and may be deposited by us into our general operating account.

b. The Advertising Fund will be used for marketing, advertising, production and media expenses to promote the Champps Kitchen + Bar name, System, products and services. We are

Business, you shall change to the new designated approved distributor or supplier within sixty (60) days after written notification of such change from us.

You acknowledge Franchisor and/or its affiliates has 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/or other payments ("Payments") based upon the actual purchases of the foods, beverages, and other products by Franchisor, its affiliates, area developers and franchisees from suppliers. Any such Payments made to Franchisor may be retained by Franchisor as it deems appropriate, in its sole discretion. All Payments received from a supplier for a designated purpose (such as participation at an annual convention, etc.) will be spent in accordance with the supplier's designated purpose.

b. If you desire to purchase or otherwise acquire any equipment, supplies or inventory items required by the System Standards but not previously approved by us, or from sources not previously approved by us, you must submit to us sufficient specifications, photographs, drawings and other information sufficient to allow us to determine whether such equipment, supplies or inventory items meet our System Standards. ~~We may require that our representatives be allowed to inspect the facilities of the proposed supplier and revoke its approval upon the supplier's failure to meet any of our then-current minimum System Standards.~~ We may also require that samples from the proposed supplier be delivered, at no charge to us, either to us or to our designee for testing. A charge not to exceed the reasonable cost and expense of the inspection and the actual cost and expense of the test must be paid to us either by you or by the proposed supplier. We will notify you within sixty (60) days after your request of our approval or disapproval of the proposed product or supplier, with such determination to be made at our sole discretion. If you do not receive a written notification from us of our approval or disapproval, then the request will be deemed automatically denied after the expiration of such sixty (60) day period. You acknowledge and agree that our approval of any item or supplier of equipment, supplies or inventory not previously approved by us will not, in and of itself, make the supplier of that item an approved supplier for other franchise owners in the System. We may, in our sole discretion, at any time and from time to time, re-inspect the ~~facilities and~~ products of any approved supplier and revoke its approval upon the supplier's failure to meet any of our then-current System Standards. If you receive a notice of revocation from us, you must immediately stop selling disapproved products and purchasing from the disapproved supplier.

c. We will provide to you a list of all recommended and required items of equipment, fixtures, supplies, smallwares and interior decor. This list will be included in the System Standards.

d. At any time and from time to time, we may in our sole option engage in new product rollouts to add to or change the menu items offered for sale in the Franchised Business and the ingredients or supplier of ingredients utilized in the preparation of the menu items sold in the Franchised Business ("Rollout"). If we engage in a Rollout, you shall participate in the changes that are the subject of such Rollout, including offering the new menu items, changing the menu items, changing to the new supplier of the ingredients utilized in the preparation of the menu items, and changing to the new ingredients utilized in the preparation of the menu items. If we engage in a Rollout, we will notify you of the details of the Rollout and provide you sixty (60) days from said notification to take the applicable actions required by the Rollout.

e. We may require that you join and make required purchases/leases through a purchasing cooperative or other entity designated by us. Such entity may adopt its own by-laws, rules, regulations and procedures, subject to our prior review and approval, which may include required provisions intended to meet applicable legal and regulatory principles. Your 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. We will have the right, but not the obligation, to offset against amounts we owe to you the amount of your unpaid cooperative obligations.

9.4 Compliance with Legal Requirements and Good Business Practices.

You must, at your sole expense, operate the Franchised Business in full compliance with all applicable Federal, state and local statutes, laws, ordinances and regulations, including, without limitation, health and safety regulations, food and drug laws, disability laws, labor and employment laws and data privacy laws, as may be amended, supplemented or enacted from time to time. You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including all rent, salaries, taxes (excluding our income taxes), disbursements, license or permit fees, insurance premiums, traveling expenses and any other business expenses when they become due. We 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. If you receive any demand, action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Franchised Business, you must immediately notify us, and in no event, later than three (3) days after your receipt. Any such notice must be accompanied by a copy of the demand, complaint, order, writ, injunction, award, decree or other similar document. You must, in all dealings with your employees, customers, suppliers, the public and us adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.5 Maintenance of Insurance.

At all times during the Term, you must maintain in full force and effect at least the minimum types and amounts of insurance coverage that we require, under one (1) or more policies of insurance (each of which shall be primary coverage and shall not be contributory or secondary to any other coverage maintained by us), insured under the particular name of the Franchisee and for the particular address of the Franchised Business. You understand and acknowledge that you remain fully liable for any and all claims in connection with the operation of the Franchised Business arising during the Term of this Agreement, including without limitation, for any time period during which you may be in the process of obtaining a valid and complete certificate of insurance or is otherwise out of compliance. We do not waive and hereby reserve your obligations under this Agreement, including without limitation your insurance obligations.

Such insurance policies must be issued by insurers acceptable to us having an A.M. Best's financial strength rating of at minimum "A-VIII," and grant us authority to obtain copies of your certificate of insurance directly from the carrier or your agent/broker. The particular

price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified appraiser, approved by both parties, such approval not to be unreasonably withheld. We shall give notice of our intent to exercise the option no later than twenty-one (21) days prior to termination.

12.5 Assignment by Franchisor.

You agree and affirm that we may, without your prior consent, sell our business, our assets, or our System, in whole or in part, to a third-party; may issue a public offering of our securities; may engage in private placement of some or all of our 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. You further agree and affirm that we have the right, now and in the future, without your 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 you acknowledge may be proximate to your Franchised Business, and to operate, franchise or license such franchise networks, chains or businesses operating under the Proprietary Marks or any other marks following our purchase, merger, acquisition or affiliation. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages against us arising from or related to the loss of your rights to use the System as authorized under this Agreement.

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

12.6 Restrictions on Security Interests and Subfranchising.

Except as otherwise set forth in this *Section 12.6*, you shall not have any rights to pledge, encumber, hypothecate or otherwise give any third-party a security interest in this Agreement in any manner whatsoever, nor subfranchise or otherwise transfer, or attempt to subfranchise or transfer the Franchised Business, in whole or in part, so long as it is operated as the Franchised Business, without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole discretion. Notwithstanding anything contained herein to the contrary, you shall have the right to pledge your accounts receivable, net of the Royalty Fee, Advertising Fee, and rent, without our prior written consent for the sole purpose of obtaining financing for the operation of the Franchised Business, provided you are in full compliance with this Agreement and any other agreement, arrangement or understanding with us.

ARTICLE 13. RENEWAL

Subject to the terms and conditions described below, you will have the right to renew your license to operate the Franchised Business for an additional term of ten (10) years. In the event you desire to renew your license, you must give us notice to that effect at least ~~one~~two hundred ~~twenty~~ten (~~20~~21) days prior to the expiration date of the Term. In addition to giving the notice of renewal referred to above in a timely manner, in order to have the right to renew the license to operate the Franchised Business for an additional term, you must also meet each of the following requirements:

ADDENDUM TO FRANCHISE DOCUMENTS
(FOR THE STATE OF CALIFORNIA)

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

1. **CALIFORNIA LAW MODIFICATIONS**

- A. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
- B. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law. (11 U.S.C.A. Sec. 101 et seq.).
- C. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.
- ~~D. The Franchise Documents may require application of the laws of the State of Arizona. Any provision that does may not be enforceable under California Law.~~
- DE. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
- EF. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
- EG. The Franchise Agreement requires binding arbitration. ~~The arbitration will occur at the American Arbitration Association office in Maricopa County, Arizona, or, if our headquarters are no longer located in Maricopa County, Arizona, then the arbitration shall take place in the county in which our headquarters are located at the time the arbitration is commenced,~~ with *all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorney's fees of the prevailing party* to be paid by the party that did not prevail. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section

1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

HI. If the franchisee resides in the State of California or the franchised business is located within the State of California, the venue for any dispute may be within the State of California. Business and Professions Code Section 20040.5 voids restricting a venue to a forum outside California with respect to any claim arising under or relating to a franchise involving a franchise business operating in California.

IJ. 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.

JK. **OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.**

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California 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 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, have duly executed and delivered this Addendum as of the Addendum Effective Date.

FRANCHISOR:

BQ CONCEPTS, LLC, an Arizona limited liability company

By: _____
[Name, Title]

FRANCHISEE:

_____,

By: _____
[Name, Title]

By: _____
[Name, Title]

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.
- m. If the Franchise Documents require Franchisee to participate in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials, then the maximum amount the Franchisee may be required to pay is \$35,000 per calendar year, and if the Franchisee's participation in any advertising campaign or contest, promotional campaign, promotional materials, or display decorations or materials would require the Franchisee to pay in excess of that amount, such participation by the Franchisee will be optional for the remainder of that calendar year.

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.

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

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

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

reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

- 9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
- 10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
- 11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
- 12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
- 13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
- 14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
- 15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
- 16. Questionnaires and Acknowledgements.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement,

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____, 20____.

ADDENDUM TO FRANCHISE DOCUMENTS
(FOR THE STATE OF WASHINGTON)

~~The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Documents in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Documents in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise.~~

~~1. If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:~~

~~Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:~~

~~(2) For the purpose of this chapter and without limiting its general application, it shall be an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:~~

~~(a) Restrict or inhibit the right of the franchisees to join an association of franchisees.~~

~~(b) Require a franchisee to purchase or lease goods or services of the franchisor or from approved sources of supply unless and to the extent that the franchisor satisfies the burden of proving that such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds, and do not substantially affect competition: PROVIDED, That this provision shall not apply to the initial inventory of the franchise. In determining whether a requirement to purchase or lease goods or services constitutes an unfair or deceptive act or practice or an unfair~~

method of competition the courts shall be guided by the decisions of the courts of the United States interpreting and applying the anti-trust laws of the United States.

~~_____ (c) Discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any other business dealing, unless and to the extent that the franchisor satisfies the burden of proving that any classification of or discrimination between franchisees is: (i) Reasonable, (ii) based on franchises granted at materially different times and such discrimination is reasonably related to such difference in time, or is based on other proper and justifiable distinctions considering the purposes of this chapter, and (iii) is not arbitrary. However, nothing in (c) of this subsection precludes negotiation of the terms and conditions of a franchise at the initiative of the franchisees.~~

~~_____ (d) Sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.~~

~~_____ (e) Obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless such benefit is disclosed to the franchisee.~~

~~_____ (f) If the franchise provides that the franchisee has an exclusive territory, which exclusive territory shall be specified in the franchise agreement, for the franchisor or subfranchisor to compete with the franchisee in an exclusive territory or to grant competitive franchises in the exclusive territory area previously granted to another franchisee.~~

~~_____ (g) Require franchisee to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by this chapter, except as otherwise permitted by RCW 19.100.220.~~

~~_____ (h) Impose on a franchisee by contract, rule, or regulation, whether written or oral, any standard of conduct unless the person so doing can sustain the burden of proving such to be reasonable and necessary.~~

~~_____ (i) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, or the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.~~

~~_____ (j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve month period, for which the franchisee has been given~~

~~notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor."~~

~~(k) 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. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.~~

~~3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

~~4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.~~

~~5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~Each provision of this Addendum to Franchise Documents shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Addendum. This Addendum to Franchise Documents shall have no force or effect if such jurisdictional requirements are not met. Except as set forth in this Addendum to Franchise Documents, 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, have duly executed and delivered this Addendum to the Franchise Documents on _____.~~

FRANCHISOR:

FRANCHISEE:

GUARANTY OF FRANCHISE AGREEMENT

This GUARANTY OF FRANCHISE AGREEMENT ("Guaranty") is entered into as of _____ by each of the undersigned ([individually and collectively,]"Guarantor") in favor of BQ CONCEPTS, LLC, an Arizona limited liability company ("Franchisor"). To the extent this Guaranty contains terms and conditions that differ from those contained in the Franchise Agreement (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 Franchise Agreement.

Recitals

A. Franchisor and _____, a(n) _____ ("Franchisee") entered into a Franchise Agreement dated _____, 20____, [as amended,] (collectively "Franchise Agreement") for a Champps Kitchen + Bar restaurant located at _____ ("Location" "Franchised Business").

B. Guarantor is a shareholder, partner, member, or other person or entity interested in effecting the grant or transfer of the Franchise Agreement.

C. Without this Guaranty, Franchisor cannot be assured that there are sufficient assets to operate the franchise or to protect Franchisor in the event of a default by Franchisee.

D. Franchisor is willing to enter into the Franchise Agreement only if Guarantor personally guarantees faithful performance of all the terms of the Franchise Agreement.

E. Guarantor acknowledges Guarantor received and read the Franchise Agreement and agrees to be bound to the obligations in this Guaranty with regard to the Franchise Agreement.

Agreement

1. In consideration of the above recitals, Guarantor personally guarantees, for the benefit of Franchisor, its parent, subsidiaries, affiliates and successors and assigns, the prompt and complete performance of all the covenants and conditions contained in the foregoing Franchise Agreement.

2. This Guaranty is effective until all terms of the Franchise Agreement have been fully and completely performed by Franchisee and shall continue through the entire Term of the Franchise Agreement as may be renewed or extended. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor to Franchisor hereunder.

3. Franchisor is not required to proceed first against the Franchisee, but may proceed first against the Guarantor alone or concurrent with proceeding against Franchisee. The obligations of Guarantor hereunder are absolute and unconditional.

4. Franchisee and Franchisor may from time to time alter or modify the Franchise Agreement 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 Franchise Agreement and the documents and Confidential Manual referred to in the Franchise Agreement, without requiring notice to Guarantor or Guarantor's consent.

5. Guarantor agrees specifically to be bound by the confidentiality requirements and the covenant against competition in the Franchise Agreement.

6. Guarantor waives notice of acceptance of this Guaranty and notice of non-performance or non-payment by Franchisee of any of its obligations or liabilities under the Franchise Agreement.

7. A default by Guarantor under this Guaranty will be deemed a default under all Franchise Agreements guaranteed by the Guarantor.

8. Guarantor agrees to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees and Advertising Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor 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 Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

9. Guarantor hereby agrees that upon notice of default or upon an uncured default of the Franchise Agreement or any other agreement between Guarantor (or a legal entity thereof) and Franchisor or its affiliates, and with no prior notice, Guarantor consents to Franchisor's (or any of its affiliate's or third-party contractor's) 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, franchisee, and/or guarantor in connection with the collection of monetary obligations as contemplated by the Franchise Agreement, this Guaranty, a promissory note, or any other agreements between Guarantor (or a legal entity thereof), and Franchisor or its affiliates. Guarantor as an individual or individuals hereby knowingly consent 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.

10. 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, heirs, estate, trustee(s) and personal representative(s) of Guarantor. This Guaranty shall inure to the benefit of Franchisor, its affiliates, successors and assigns.

11. 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.

12. This Guaranty shall be interpreted and construed under the laws of the sState of Arizona ~~where the Franchised Business is located~~, which laws shall prevail in the event of any conflict of law. ~~Any appropriate state or federal court located in Maricopa the Ccounty andef the sState where the Franchised Business is located, Arizona~~ has exclusive jurisdiction over any case or controversy arising under or in connection with this Agreement 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.

terms and conditions set forth in this Agreement shall be binding on the undersigned unless it is set forth in writing and duly executed by the undersigned and Franchisor.

c. This Agreement shall be binding on the undersigned's heirs, executors, successors and assigns as though originally executed by such persons.

d. *Notices.* All notices permitted or required under this Agreement shall be in writing and shall be delivered by personal delivery, courier, such as FedEx® or UPS®, or by U.S. Mail, sent certified or registered mail, return receipt requested, to the address set forth in the first paragraph of this Agreement, with a courtesy copy sent via email ~~or facsimile~~ (to the address set forth on the signature page below) for the respective Party to be noticed, which address may be amended from time to time pursuant to the terms of this *Section 7.d*. Notices provided under this *Section 7.d* shall be deemed received upon personal delivery or delivery by courier and within five (5) days after deposit in the U.S. Mail.

e. *Governing Law and Venue.* This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to conflict of laws principles. Except for actions seeking injunctive relief (which may be brought in any appropriate jurisdiction) suit under this Agreement shall only be brought in the state or federal courts located in Maricopa County, Arizona. This choice of jurisdiction and venue is intended by the Parties to be mandatory and not permissive in nature, and to preclude the possibility of litigation between the Parties with respect to, or arising out of, this Agreement in any jurisdiction other than as specified in this *Section 7.e*. Each Party waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to the jurisdiction and venue with respect to any proceeding brought in accordance with this *Section 7.e*.

f. *No Assignment.* The undersigned shall not assign or transfer any rights or obligations under this Agreement without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion. Any assignment made in violation of this *Section 7.f* shall be void.

g. *Counterparts; Facsimile Signatures.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original document as against the Party whose signature appears thereon, and all of which shall together constitute one and the same Agreement. The signatures required for execution may be transmitted to the other Party via facsimile or 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.

[SIGNATURE PAGE FOLLOWS]

CHAMPPS KITCHEN + BAR Franchise List as of November 30, ~~2024~~2025

A list of the names of all franchisees and the address and telephone number of each of their outlets:

Franchise Company	Franchisee Name	Address	City	State	Zip	Phone
Bluemound Restaurant Corporation	Tony Lewanovich	1240 South Moorland Road	Brookfield	WI	53005	262-797-6600

We had no franchise owners who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements during the year ending November 30, ~~2024~~2025.

We had no franchise owner who had an outlet transfer during the year ending November 30, ~~2024~~2025.

We have not had any franchisees who have not communicated with us for the 10-week period before the date of this Disclosure Document. We had no franchisees who transferred their Franchise Agreements during the year ending November 30, ~~2024-2025~~ for a restaurant that was not yet open. We had no franchisee who had its Franchise Agreement terminated during the year ending November 30, ~~2024-2025~~ for a restaurant that never opened.

CHAMPPS KITCHEN + BAR Franchise List as of November 30, ~~2024~~2025

A list of the names of all franchisees and the address and telephone number of each of their outlets:

Franchise Company	Franchisee Name	Address	City	State	Zip	Phone
Bluemound Restaurant Corporation	Tony Lewanovich	1240 South Moorland Road	Brookfield	WI	53005	262-797-6600

We had no franchise owners who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements during the year ending November 30, ~~2024~~2025.

We had no franchise owner who had an outlet transfer during the year ending November 30, ~~2024~~2025.

We have not had any franchisees who have not communicated with us for the 10-week period before the date of this Disclosure Document. We had no franchisees who transferred their Franchise Agreements during the year ending November 30, ~~2024-2025~~ for a restaurant that was not yet open. We had no franchisee who had its Franchise Agreement terminated during the year ending November 30, ~~2024-2025~~ for a restaurant that never opened.

EXHIBIT L

TO THE FRANCHISE DISCLOSURE DOCUMENT

List of Corporate Owned Champps Kitchen + Bar Restaurants

As of November 30, ~~2024~~2025

No.	Address	City	State	Zip Code	Work Phone
1	8010 Glen Lane	Eden Prairie	MN	55344	952-942-3331

RECEIPT #1

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If BQ Concepts, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan requires that we 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 BQ Concepts, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit B.

The franchisor is BQ Concepts, LLC, with a primary office located at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300. The franchise seller for this offering is _____, (____) _____.

Issuance date: March 27~~8~~, 2026~~5~~, ~~as amended October 10, 2025~~.

BQ Concepts, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a Champps Kitchen + Bar Disclosure Document dated March 27~~8~~, 2026~~5~~, ~~as amended October 10, 2025~~, that included the following Exhibits:

A	State Addenda and Agency Documents	M	State Effective Dates
B	Financial Statements	N	Receipts
C	Performance Guaranty		
D	Franchise Agreement (and state specific addenda, if applicable)		
E	Guaranty of Franchise Agreement		
F	Non-Disclosure and Non-Competition Agreement		
G	Collateral Assignment and Irrevocable Special Power of Attorney		
H	Required Lease Terms (Lease Addendum to Lease Agreement)		
I	Pre-Authorized Electronic Funds Transfer Form		
J	General Release for Renewal of Franchise Agreement		
K	List of Franchisees		
L	List of Company-Owned Restaurants		

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Receipt #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Receipt #2 must be signed and dated by the prospective franchisee and returned to franchisor by mailing it to BQ Concepts, LLC, at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300.

RECEIPT #2

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If BQ Concepts, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan requires that we 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 BQ Concepts, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit B.

The franchisor is BQ Concepts, LLC, with a primary office located at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300. The franchise seller for this offering is _____, (____) _____.

Issuance date: March 27~~8~~, 2026~~5~~, ~~as amended October 10, 2025~~.

BQ Concepts, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a Champps Kitchen + Bar Disclosure Document dated March 27~~8~~, 2026~~5~~, ~~as amended October 10, 2025~~, that included the following Exhibits:

A	State Addenda and Agency Documents	M	State Effective Dates
B	Financial Statements	N	Receipts
C	Performance Guaranty		
D	Franchise Agreement (and state specific addenda, if applicable)		
E	Guaranty of Franchise Agreement		
F	Non-Disclosure and Non-Competition Agreement		
G	Collateral Assignment and Irrevocable Special Power of Attorney		
H	Required Lease Terms (Lease Addendum to Lease Agreement)		
I	Pre-Authorized Electronic Funds Transfer Form		
J	General Release for Renewal of Franchise Agreement		
K	List of Franchisees		
L	List of Company-Owned Restaurants		

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Receipt #1 must be signed and dated and remains in the Franchise Disclosure Document as the prospective franchisee's copy. Receipt #2 must be signed and dated by the prospective franchisee and returned to franchisor by mailing it to BQ Concepts, LLC, at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300.