FRANCHISE DISCLOSURE DOCUMENT

Newk's Franchise Company, LLC
A Mississippi Limited Liability Company
2680 Crane Ridge Drive
Jackson, Mississippi 39216
(601) 982-1160
www.newks.com
franchise@newks.com

The franchisee will operate a fast-casual restaurant offering a menu specializing in the franchisor's signature fresh tossed salads, oven-baked sandwiches, hand-crafted pizzas, made-from-scratch soups and homemade cakes under the names "Newk's" or "Newk's Eatery." A Newk's Restaurant operates using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a Newk's Restaurant franchise is $927,500 to $1,323,350. This includes a $40,000 initial franchise fee that must be paid to the franchisor. We may offer to enter into an area development agreement to establish and operate a certain number of Newk's Restaurants at specific locations pursuant to individual franchise agreements. The area development fee, which will vary depending upon the number of franchised restaurants to be developed, will be equal to the total of $40,000 for the first Newk's Restaurant plus $20,000 for each additional Newk's Restaurant to be developed. The area development fee will be applied to the initial franchise fees for each applicable Newk's Restaurant. See Item 5.

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 the 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Department of Franchising at 2680 Crane Ridge Drive, Jackson, Mississippi 39216 and (601) 982-1160.

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, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 20, 2026.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E and Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Newk's Restaurant business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Newk's Restaurant franchisee?	Item 20 or Exhibit E and Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in Mississippi. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Mississippi than in your own state.

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM

ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

STATE OF MICHIGAN DEPARTMENT OF ATTORNEY GENERAL
CORPORATE OVERSIGHT DIVISION
ATTN: FRANCHISE SECTION
670 G. MENNEN BUILDING
LANSING, MICHIGAN 48913
TELEPHONE NUMBER (517) 335-7567

Note: Despite paragraph (F) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement and Area Development Agreement. We believe that paragraph (F) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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EXHIBITS

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Newk's Franchise Company, LLC ("**we,**" "**us,**" "**Newk's**" or "**Newk's Eatery**") is the franchisor. We are a Mississippi limited liability company with our principal place of business at 2680 Crane Ridge Drive, Jackson, Mississippi 39216. We were formed on January 18, 2005. Our agents for service of process are listed in Exhibit A to this Disclosure Document. We conduct business under the names and marks "Newk's," "Newk's Eatery" and related slogans.

We began offering franchises for Restaurant businesses in February 2005. We have not offered franchises in any other line of business. Other than operating and selling franchises for Restaurants, we are not involved in other business activities.

Our Parent, Predecessors and Affiliates

We are a wholly-owned subsidiary of Newk's Holding Company, LLC, a Mississippi limited liability company with its principal place of business at our address ("**NHC**"). NHC does not provide any products or services to our franchisees. NHC does not directly operate a business of the type being franchised under this Disclosure Document.

NHC was previously owned, through various holding companies, by a fund controlled by Sentinel Capital Partners, LLC, a private investment firm with its principal business address at 330 Madison Avenue, 27th Floor, New York, NY 10017. Pursuant to a Unit Purchase Agreement entered into on November 16, 2023, the equity interests in and ownership of NHC and its subsidiaries (including us) were transferred to holding companies controlled by CSFC Management Company, LLC (collectively, "**CSFC**"), a private investment firm whose principal business address is 3100 West End Avenue, Suite 940, Nashville, Tennessee 37203. Accordingly, as of November 16, 2023, CSFC is our ultimate parent company. CSFC does not sell franchises in this or any other lines of business, nor has it ever operated a Restaurant.

Newco Dining, LLC ("**Newco**") is a wholly owned subsidiary of NHC with the same principal place of business as us. At the end of fiscal year 2025, Newco owned 28 Restaurants located in various states. The original Restaurant opened in February 2004.

Newk's Marketing Company, LLC is an affiliate which was established to operate and administer the National Marketing Fund and the gift card program. (The National Marketing Fund is described more fully in Item 11).

Newk's Bakery Company, LLC is a wholly owned subsidiary of NHC, with a principal place of business at 980 Highway 6 West, Oxford, Mississippi 38655 ("**Bakery Affiliate**"). Our Bakery Affiliate is the sole approved supplier for certain baked dessert goods that you will offer in your Newk's Eatery Restaurant. You will not buy these products from our Bakery Affiliate, but directly from our distributor (see Item 8).

There are no predecessors whose information is required to be disclosed in this Disclosure Document.

Our Affiliated Franchise Programs

Through common control with or common management by CSFC or affiliates of CSFC, we are also affiliated with the following franchise companies:

We are affiliated with FSC Franchise Co., LLC ("**FSC**"), which franchises the right to operate Beef 'O' Brady's® Family Sports Pubs, which are neighborhood pubs where friends and families gather to enjoy food and sports in a fun, comfortable and family-oriented atmosphere. FSC's principal business address is 5660 W. Cypress Street, Suite A, Tampa, Florida 33607. FSC has offered franchises for Beef 'O' Brady's® Family Sports Pubs since 2007, although its predecessor offered franchises for Beef 'O' Brady's® Family Sports Pubs beginning in 1998. As of December 31, 2025, there were 99 franchised Beef 'O' Brady's® Family Sports Pubs in operation in the United States. FSC or its affiliates also operate Beef 'O' Brady's® Family Sports Pubs. FSC has not offered franchises in any other line of business.

We are also affiliated with Brass Tap Franchisor, LLC ("**BTF**"), which shares an address with FSC and offers franchises for the right to operate upscale beer bars offering craft beers on tap, a large variety of imported, domestic and local craft beers, a large selection of fine wines and beverage and food offerings under the trademark and service mark Brass Tap® ("**Brass Tap Bars**"). BTF has offered franchises for Brass Tap Bars since 2012.As of December 31, 2025, there were 48 franchised Brass Tap Bars in the United States. BTF has not offered franchises in any other line of business.

The Franchise Offered

We are offering franchises for restaurants (each, a "**Restaurant**") that operate under the name "Newk's Eatery," which are fast casual restaurants that are established and operated using the format and system we developed (the "**System**"), which includes eat-in dining, Newk's To Go, Grab-N-Go and off-premise activities such as catering and third-party delivery services and which operate at retail locations displaying our interior and exterior trade dress and feature and operate under the Proprietary Marks (as defined below). Restaurants offer menus that specialize in our fresh tossed salads, oven-baked sandwiches, hand-crafted pizzas, made-from-scratch soups, and homemade cakes made fresh by our Bakery Affiliate, using our proprietary recipes, formulae and techniques ("**Proprietary Products**"), as well as other non-proprietary food, beverage, and other compatible items that we designate from time to time (collectively, "**Products**"). Our interior trade dress is designed to make the Restaurants welcoming, comfortable, and easily identifiable for customers. Our System for Restaurants currently includes menus for lunch, dinner, dessert, and beverages. Restaurants may be required to offer and sell wine and beer, subject to proper licensing and approval by us.

Restaurants are characterized by the System. Some of the features of our System include: (i) distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings; (ii) recipes, standards and specifications for products, equipment, materials, supplies and uniforms; standards, specifications, and procedures for operations; (iii) procedures for purchasing and sourcing; (iv) inventory control; training and assistance; and (v) marketing and promotional programs. We may periodically change aspects of the System.

You must operate your Restaurant in accordance with our standards and procedures, as set out in our Standard Operating Procedures, extranet, and all other forms of written and electronic communications (collectively, the "**SOP**"). We will lend you a copy of the SOP for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically). In addition, we will grant you the right to use our marks, including the mark "Newk's Eatery" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**"). We may modify the Proprietary

Marks or substitute new Proprietary Marks. See Items 13 and 14 for additional information regarding the Proprietary Marks and the SOP.

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreements**") (included as Exhibit B to this Disclosure Document) with qualified legal entities and persons ("**you**") that wish to establish and operate Restaurants. (In this Disclosure Document, "**you**" means the person or legal entity with whom we enter into an agreement. The term "you" also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the "franchisee.") Under a Franchise Agreement, we will grant you the right to operate a Restaurant during the term of the Franchise Agreement at an agreed-upon specified location (the "**Approved Location**"). (In this Disclosure Document, the term "**Franchised Restaurant**" means the Restaurant franchised to you under a Franchise Agreement.)

Area Development Agreement

We may also offer an area development agreement (the "**Area Development Agreement**") (included as Exhibit C to this Disclosure Document) with qualified entities and persons (an "**Area Developer**"). The Area Development Agreement grants the right to establish and operate one or more Restaurants in a defined geographic area (the "**Development Area**") pursuant to an agreed upon development schedule at specific locations that must be approved by us. The Area Developer must exercise its development rights by signing a separate Franchise Agreement for the establishment and operation of each Restaurant.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Franchised Restaurant's operations, including for example, health, food handling, sanitation, EEOC, OSHA, EPA, discrimination, employment, and sexual harassment laws, and minimum wage and labor laws. If applicable to your Franchised Restaurant, the Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc.

You must also obtain any applicable local permits and operational licenses. Among the licenses and permits you may need are planning, zoning, land use and occupancy approvals, Sunday sale permits, sales and use tax permits, special tax stamps, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses, and wastewater discharge permits. You may be required to offer wine and beer for sale at your Franchised Restaurant, and you must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Franchised Restaurant.

You must ensure, at your sole cost, timely compliance with (i) the most recent Payment Card Industry Data Security Standards ("PCI-DSS") enacted by the card associations (as they may be modified from time to time), (ii) the Fair and Accurate Credit Transactions Act, and (iii) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by governmental authorities and/or payment card companies that are applicable to electronic payments. This currently includes, at a minimum, completing required assessments by the credit card associations, performing quarterly network scans, and possible on-site audits. You must provide us with copies of such compliance documentation upon request.

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

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA. There may also be other state and local laws that govern food labeling and menu disclosure.

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

There may be other laws, rules or regulations which affect your Franchised Restaurant. We recommend that you consult with your attorney regarding these laws, rules and regulations.

Market and Competition

The market for restaurants is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain businesses. These include sandwich retailers, fast-casual restaurants, specialty coffee retailers, bagel shops, fast food restaurants, delicatessens, cafes, bars, take-out food service companies, supermarkets and convenience stores. We may establish other Restaurants in your area (if permitted under the Franchise Agreement and any Area Development Agreement) and/or sell or license others to sell Products in your area. In addition, we may sell Products online, through toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

ITEM 2
BUSINESS EXPERIENCE

Director, Strategic Advisor and Founder: Chris Newcomb

Mr. Newcomb has served as one of our directors since 2004. Mr. Newcomb has also been our Strategic Advisor since November 2023. Mr. Newcomb also previously held various positions with Franchisor, including Executive Chairman from April 2021 to November 2023 and Chief Executive Officer from January 2004 to April 2021.

Chief Executive Officer: Frank G. Paci

Mr. Paci has been our Chief Executive Officer since April 2021.

Chief Development Officer: Chris Cheek

Mr. Cheek has been our Chief Development Officer since June 2025. From September 2024 to June 2025, Mr. Cheek was President/Managing Partner of Atlantic Franchise Advisors, LLC in Cary, North

Carolina. From April 2022 to September 2024, Mr. Cheek was Chief Development Officer of Modern Restaurant Concepts, Inc. in Denver, Colorado. From July 2021 to October 2021, he was Chief Development Officer of the QSR Division for FAT Brands, Inc. in Beverly Hills, California. From October 2019 to July 2021, Mr. Cheek was Chief Development Officer of Global Franchise Group, LLC in Atlanta, Georgia.

Chief Technology Officer: Adam Karveller

Mr. Karveller has been our Chief Technology Officer since April 2023. From February 2016 to April 2023, Mr. Karveller served as our Vice President of Information Technology.

Senior Vice President of Operations: Matt Wilson

Mr. Wilson has been our Senior Vice President of Operations since July 2024. Mr. Wilson also served as our Vice President of Company Operations from March 2022 to July 2024. From August 2019 through March 2022, Mr. Wilson served as our Senior Director of Operational Services.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay us an initial franchise fee (the "**Franchise Fee**") in the amount of $40,000. The initial franchise fee will be fully earned when paid and is non-refundable. We use the Franchise Fee to cover, among other things, the costs of providing training and helping you develop and open your Restaurant. The Franchise Fee is not paid in exchange for any particular products, services or assistance.

You must pay the Franchise Fee in full when you sign the Franchise Agreement. If you signed an Area Development Agreement, we will credit a portion of the Area Development Fee you paid toward the Franchise Fee, as described below.

Area Development Fee

When you sign an Area Development Agreement, you must pay us an area development fee (the "**Area Development Fee**"). The amount of the Area Development Fee will depend on the number of Franchised Restaurants to be developed and will be calculated as follows: (i) $40,000 for the first Franchised Restaurant; plus (ii) $20,000 for each additional Franchised Restaurant. The Area Development Fee will be due in full upon the signing of an Area Development Agreement. The Area Development Fee is fully earned and non-refundable.

If you meet your obligations under the Area Development Agreement and are not otherwise in default under any other agreement with us, we will apply $40,000 of the Area Development Fee as payment in full of the Franchise Fee for the first Franchised Restaurant. For each additional Franchised Restaurant, we will apply $20,000 of the Area Development Fee toward the Franchise Fee due, and you must pay the balance ($20,000) when you sign the applicable Franchise Agreement.

The Franchise Fees and Area Development Fees are uniform, except as otherwise provided. There are no other payments to or purchases from us and/or our affiliates before opening for business.

Incentive Programs

2026 Opening Incentive Program

To encourage franchise system growth, we may periodically implement incentive programs for new and/or existing franchisees with terms that vary from the offer included in this disclosure document. We reserve the right to modify or discontinue any incentive program we implement at any time in our sole discretion. We are offering development incentives for certain new and existing franchisees to develop and open new Restaurants, pursuant to the requirements of the franchise development incentive program (the "**2026 Program**") in effect until December 31, 2026 (the "**2026 Program Period**").

If you: (1) sign an Eligible Area Development Agreement (as defined below) during the 2026 Program Period or have an existing, Eligible Area Development Agreement in effect during the 2026 Program Period; and (2) open any Restaurant for business by no later than December 31, 2026 (provided that such opening date must be on or before the applicable opening deadline contained in the Eligible Area Development Agreement), then the following incentives shall apply:

- The Area Development Fee (which will depend on the number of Franchised Restaurants to be developed) will be reduced as follows: (i) $20,000 for the first Franchised Restaurant (rather than $40,000); plus (ii) $20,000 for each additional Franchised Restaurant. For each Franchised Restaurant, we will apply $20,000 of the Area Development Fee toward the Franchise Fee due, and you must pay the balance ($20,000) (the "Remainder") when you sign the applicable Franchise Agreement (unless the Franchisee Fee is reduced as set forth below).
- The Franchise Fee and the Royalty Fee will be modified as follows: (i) the Franchise Fee will be reduced by 50% to $20,000 (and the Remainder will not be payable); (ii) the Royalty Fee will be fully abated for a period of six (6) calendar months following the opening date and (iii) the Royalty Fee will be reduced to 3% of Net Sales for calendar months seven (7) through twelve (12) following the opening date.

An "**Eligible Area Development Agreement**" means an Area Development Agreement that contains at least one (1) Restaurant opening deadline on or prior to December 31, 2026. Your eligibility for the 2026 Program is at all times subject to your (and your affiliates) being in compliance with all the terms of each Franchise Agreement, Area Development Agreement (including having met all previous opening deadlines) or other contracts with us.

Early Opening Incentive Program

If you do not qualify for the 2026 Program, you may qualify for the following early opening incentive program (the "**Early Opening Program**"). If your Franchised Restaurant is open and operating at least one (1) day earlier than the applicable opening deadline set forth in Development Schedule, then the following incentives shall apply:

- The Area Development Fee (which will depend on the number of Franchised Restaurants to be developed) will be reduced as follows: (i) $20,000 for the first Franchised Restaurant (rather than $40,000); plus (ii) $20,000 for each additional Franchised Restaurant. For each Franchised Restaurant, we will apply $20,000 of the Area Development Fee toward the Franchise Fee due, and you must pay the balance ($20,000) when you sign the applicable Franchise Agreement.
- The Royalty Fee will be fully abated for the period beginning on the applicable opening date and ending sixteen (16) weeks thereafter.

Your eligibility for the Early Opening Program is at all times subject to your (and your affiliates) being in compliance with all the terms of each Franchise Agreement, Area Development Agreement (including having met all previous opening deadlines) or other contracts with us.

Other incentives may be offered in connection with these programs at our discretion, and we reserve the right to terminate or modify these programs at any time.

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ITEM 6
OTHER FEES

Name of Fee (Note 1)	Amount	Date Due	Remarks
Royalty	5% of Net Sales	By the third business day after the close of each week based on the Net Sales for that week (Note 2)	Net Sales means all revenue related to the Franchised Restaurant (including all on-premise and off-premise sales but excluding customer refunds, complimentary meals, the discounts on employee meals and sales taxes collected and remitted to the proper authorities).
National Marketing Fund Contributions	1.75% of Net Sales payable to the National Marketing Fund (Note 3)	Same as Royalty Fee	You must contribute to the National Marketing Fund, which is described in Item 11. The total amount you will pay for advertising, including National Marketing Fund contributions, local advertising and cooperative advertising (the "**Marketing Obligation**"), will not be more than 3% of Net Sales.
Local Advertising	1% of Net Sales	Must be spent annually	Payable to your local advertising suppliers (unless collected by us in advance at our option). Any advertising you propose to use must first be approved by us.
Cooperative Advertising	As determined by Cooperative (Note 4)	As determined by Cooperative	If an advertising cooperative is formed for your area, you must join the cooperative. Any money you contribute to a cooperative will count toward your local advertising requirement.
Local Telephone and Online Directories	Varies	Upon demand	We may require you to, or we may on your behalf, advertise your Franchised Restaurant in local directories. You must bear the costs for your Franchised Restaurant, including reimbursements to us.

Name of Fee (Note 1)	Amount	Date Due	Remarks
Additional on-site training and assistance	Our per-diem charges (which is currently $250 - $300, plus our out-of-pocket costs), per trainer.	Upon demand	If you ask that we (a) provide additional on-site training, or (b) conduct at your Franchised Restaurant any training session that we offer at our headquarters, and we do so, then you may have to pay our then-current per-diem charge for extra training. See Note 5 and Item 11 under the heading "Training."
Learning Management System	$25 monthly per location	As incurred	Each fee is payable to our approved supplier. We may collect such fees from you and remit them directly to the supplier. See Item 11 under the heading "Computer System."
Computer System Fee	A reasonable fee which will vary based on the services provided.	As needed	Paid to us, our affiliates or third parties, as applicable. We may charge a reasonable fee for modifications and enhancements and other maintenance and support services related to the Computer System. The amount may vary based on the services provided. See Item 11 under the heading "Computer System."
Product/Supplier Testing	Varies based upon the costs of testing and evaluation	Upon demand, if incurred	See Note 7 and Item 8.
Transfer Fee	An amount equal to 50% of our then-current initial franchise fee	At time of transfer	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes any sale or assignment of your franchise or your company. We do not impose a fee for a one-time transfer to a wholly-owned corporate entity you form for the convenience of ownership and in certain other limited situations.

Name of Fee (Note 1)	Amount	Date Due	Remarks
Renewal Fee	$5,000	At time of renewal	Payable upon renewal of your Franchise Agreement.
Relocation Fee	$2,500	Upon relocation of your Franchised Restaurant	Payable upon relocation of your Franchised Restaurant in accordance with Section 8.19 of the Franchise Agreement.
Charges for "mystery customer" quality control evaluation	Will vary under circumstances, but not to exceed $500 per year	Upon demand, if incurred	See Note 8 and Item 8. The mystery customer program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items).
Late Fee and Interest on Overdue Payments	A late fee equal to 5% of your overdue amount, and interest equal to 1.5% per month (but not more than any maximum rate set by law)	At time the overdue payments are paid	Only due if you don't pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Dues and Assessments Imposed by the Franchisee Advisory Council ("FAC")	As determined by our FAC	At the times required by our FAC	You must become a member, and you must pay the fees and assessments imposed by the FAC (see Item 20).
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting and legal costs	Upon demand	Payable only if we audit you and the audit discloses an understatement in any statement or report of 3% or more. (You will also have to pay the monies owed and interest on the underpayment (see "Interest on Overdue Payments" above)).
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so	Upon demand	We have the right (but no obligation) to buy insurance coverage if you do not do so.

Name of Fee (Note 1)	Amount	Date Due	Remarks
Securities Offering	Reimbursement of our costs and expenses (including legal and accounting fees) to evaluate your proposed offering	Upon demand	Payable only if you propose to engage in a public or private securities offering to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.
Costs and Attorneys' Fees	Will vary under circumstances	Upon demand	Due only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the Franchise Agreement.
Indemnification	Will vary under circumstances	Upon demand	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Restaurant, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose.
Liquidated Damages	Will vary	15 days after termination	See Note 9.

Notes:

1. We uniformly impose and collect all of the fees described above in this Item 6 unless otherwise noted. None of these fees are refundable.

2. You must pay your Royalty Fees and National Marketing Fund contributions by electronic fund transfer ("EFT"). To make arrangements for EFT, you must sign our current form of Authorization Agreement for Prearranged Payments," which is Exhibit B to the Franchise Agreement. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you. If a state or local law applicable to your Franchised Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Net Sales derived from the sale of alcoholic beverages at the Franchised Restaurant, then the percentage rate for calculating Royalty Fees will be increased so that the Royalty Fees to be paid by you will be equal to the amounts you would have been required to pay if sales from alcoholic beverages were included in Net Sales.

3. Our affiliate, Newk's Marketing Company, LLC, will administer the National Marketing Fund (see Item 11) to provide, among other things, marketing, advertising, and creative materials for use by the System. Your Marketing Obligation will not exceed 3% of Net Sales. We reserve the right to change the amounts you must contribute to the National Marketing Fund, spend on local marketing, or contribute to an advertising cooperative. We will provide you with 60 days' advance written notice of any change in the allocation or amount of your Marketing Obligation. Your Marketing Obligation is the minimum amount that we require you to spend to promote your Franchised Restaurant. You may, however, choose to spend additional money on local advertising above the amount we require.

4. The amount of required Cooperative Fund contributions will be determined by us, unless we authorize the Cooperative Fund to set the amount. Members of any Cooperative Fund may agree (by a majority vote) to set the Cooperative Fund contribution at a rate that, when combined with the National Marketing Fund contributions and local advertising requirement, may exceed 3% of Net Sales. (See Item 11.) Any amounts you contribute to a Cooperative Fund will count toward the amount you must spend on local advertising, but if the amount you contribute to a Cooperative Fund is less than the amount you must spend on local advertising, you must still spend the difference locally. There are currently no Cooperative Funds in the System Restaurant.

5. As part of the opening of your Franchised Restaurant, we will conduct pre-opening and opening training and assistance at your Franchised Restaurant. We will bear certain of the costs associated with providing this training. However, if you request additional on-site training or assistance, we may charge you our then-current per diem training fee, and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangement of the trainers. Additionally, we may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If you request that we conduct any additional training sessions (required or voluntary) at your Franchised Restaurant rather than at our headquarters or company-owned Restaurants, then we may charge you our then-current per diem training fee and all out of pocket costs and expenses described above. Our current per diem charge is $250 to $300 per trainer. We reserve the right to change our per diem rate in the future. See Item 11 under the heading "Training" for more detailed information.

6. As described in Item 11 under the heading "Computer System," you must use certain software, hardware and/or support services in connection with the operation of the Franchised Restaurant. We may change our standards and requirements for the communications and information systems used in Restaurants, which may require you to pay fees for those services or products and to sign license or other agreements. We or our affiliates may be a provider of these services or products. You must obtain and maintain a maintenance and/or support contract for your communications and information systems.

7. If you want to purchase unapproved equipment, supplies, services, or Products (other than Proprietary Products) from any source other than approved suppliers, we may require that (i) you submit a detailed written request, (ii) our representatives be permitted to inspect the supplier's facilities, and (iii) that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay a charge not to exceed the reasonable cost of the evaluation and testing. See also Item 8.

8. As described in Item 8, we may use an independent service to conduct a "mystery customer" quality control and evaluation program. You must participate in this program, and we may require that you pay or reimburse the related charges.

9. If we terminate your Franchise Agreement for cause, you must pay us (within 15 days after the effective date of termination) liquidated damages equal to the average monthly Royalty Fees owed to us

during the 12 months of operation preceding the effective date of termination multiplied by (i) 36 (being the number of months in three full years), or (ii) the number of months remaining under the Franchise Agreement had it not been terminated, whichever is less.

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ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT

Item	Estimated Cost	When Payable	Method of Payment	To Whom Paid (Note 1)
Initial Franchise Fee (Note 2)	$40,000	When you sign the Franchise Agreement	Lump sum	Us
Business Licenses & Permits (Note 3)	$1,500 to $3,000	As incurred	As arranged	Local and other state government agencies
Leasehold Improvements; (Note 4)	$430,000 to $650,000	As arranged	As arranged	Independent contractors, Lessor
Fixtures, Furnishings & Equipment (Note 5)	$330,000 to $450,000	As incurred	As arranged	Suppliers
Architect Fees (Note 6)	$25,000 to $45,850	As arranged	As arranged	Approved Suppliers
Rent and Utility Deposits (Note 7)	$8,000 to $16,000	As arranged	As arranged	Lessor, Utility companies
Other Professional Fees (Note 8)	$5,000 to $5,500	As arranged	As arranged	Various service providers and contractors
Insurance Deposit (Note 9)	$5,000 to $10,000	As arranged	As arranged	Insurance providers
Initial Inventory of Food and Paper Supplies (Note 10)	$12,500 to $18,000	As incurred	As arranged	Approved suppliers
Training Expenses (Note 11)	$22,500 to $30,000	Payment terms arranged with suppliers and your employees	As arranged	Suppliers and your employees
Grand Opening Advertising (Note 12)	$15,000	As arranged	As arranged	Suppliers
Additional Funds (for initial period of operations) (Note 13)	$32,500 to $40,000	As needed	As arranged	Us, suppliers, employees and other creditors
Total Estimated Initial Investment	$927,500 to $1,323,350			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. General. We do not impose or collect the fees or costs described in this Item, except for the items noted with "Us" in the column labeled "To Whom Paid." Except as described below, all fees and amounts that you must pay to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. Our estimates in this Item are based on our current prototypes and plans for Restaurants, our experience in developing and operating our company-owned Restaurants, and our knowledge of business practices and conditions in the general marketplace.

2. Franchise Fee. The Franchise Fee is described in Item 5.

3. Business Licenses and Permits. These are general estimates for permits and licensing that may be required by local and state governments. Local, municipal, county and state regulations vary with regard to the licenses and permits you will need to operate a Restaurant. You will pay these fees to governmental authorities before starting business. As described in Item 1, we may require our franchisees to offer and sell alcoholic beverages. Therefore, in such case you must obtain all appropriate licenses and permits to offer and sell alcoholic beverages, in addition to other licenses and permits required for a restaurant business. The laws, regulations and licensing requirements and restrictions relating to alcohol may vary significantly between jurisdictions and, therefore, the estimates in the chart above do not include any alcohol-related licensing fees. The estimates also do not include outdoor seating permits, as outdoor seating is not mandatory (however, it is preferred) and the permitting requirements and fees may vary significantly between jurisdictions.

4. Leasehold Improvements. The total estimated initial investment does not include real estate costs. You will need to employ a qualified, licensed general contractor to construct the improvements to, or build out the premises at which you will operate the Franchised Restaurant. Our estimates include the cost of an independent construction manager for your first Franchised Restaurant. Our estimates are based on the assumption that the location is between 3,200 to 3,600 square feet, the general size range of our current prototype. Our estimates also assume that your lessor will provide a shell space that includes a level concrete floor suitable for floor covering, demising walls, electricity, gas, sewers, bathroom facilities, and water and plumbing suitable for a restaurant business. Among other things, you will need to arrange for the following items to meet our standard plans and specifications: proper wiring and plumbing; floor covering; wall covering; partitions; lighting and fixtures; storefront modifications; painting; cabinetry; and other similar items.

Costs will vary depending upon various factors, including: the geographic location of your business; the size of the premises; the availability and cost of labor and materials; and the condition of the premises and the work that the lessor will do as a result of the lease negotiations. These amounts could differ if your Franchise Restaurant's specific construction or design elements deviate or exceed our criteria, or if the costs of construction materials and labor used in your geographic region (such as in a large metropolitan area) differ from the estimated cost range. Our estimates assume that leased premises already will have the following pre-build-out attributes: permanent and/or non-support walls; a base concrete floor; an exposed ceiling; utilities; and HVAC system. Lessors may, instead of actually doing some of the work, provide you with credits towards your future rent payments and/or a tenant improvement allowance. The estimated cost will vary depending upon such landlord contributions.

5. Fixtures, Furnishings & Equipment. As described in Item 8, you must purchase all fixtures, furnishings, equipment (including computer and point of sale equipment), signage and supplies that we specify as required for a Restaurant from our designated, approved suppliers. *Fixtures and Equipment:* These estimates include fixtures and equipment required for a Restaurant, including coolers and refrigeration equipment, display cases, food preparation tables, lighting, plumbing fixtures, bathroom vanities other fixtures and equipment, serving and customer tables and seating, various décor items, and small wares. These amounts also include costs of your office furniture, filing cabinet and miscellaneous office supplies, and equipment. *Computer and point of sale systems***:** You must purchase or lease specified computers and related hardware, along with required third party software necessary to operate the Franchised Restaurant. The estimate includes the costs for the items that we currently require. We may periodically require franchisees to update their computer systems to our then-current standards. See Item 11 under the heading "Computer System" for additional information. *Signage:* The estimates include the costs for interior and exterior signage. The cost of signage may vary significantly depending on the location of your Franchised Restaurant, lessor requirements, market conditions and local codes. In some instances, the use of additional or larger signage may be possible, with our prior written approval. The costs of these optional items are not included in the line item total above.

6. Architect Fees. You must use the architectural service provider that we approve to adapt our standardized plans and specifications based on our prototype(s) for the remodeling or finish-out of your Franchised Restaurant (see Item 8 and Item 11 under the subheading "Construction and Layout of Restaurant" for additional information). The low end of the estimate includes our approved supplier's base project fees, and the high end of the estimate includes the approved supplier's base project fees plus optional services that you may choose to include.

7. Rent and Utility Deposits. Locations for Restaurants will typically need approximately 3,200 to 3,600 square feet. However, we will strongly consider smaller locations (as small as 2,200 square feet) depending upon the prevailing market conditions in the applicable areas. The estimate in the chart above includes your first month's rent payment and utility deposits (*e.g.*, telephone, electricity, gas and water). The estimates do not include security deposits or real estate taxes. Security deposit requirements will depend on a variety of factors, including your credit and financial condition. The estimates assume that rent commences upon the Franchised Restaurant's opening. You will need to lease a space in advance to build-out the Franchised Restaurant, but you may attempt to negotiate an abatement from the lessor for this period.

We anticipate that Restaurants will typically be located in retail centers in areas of high traffic in urban and suburban areas, and preferably near colleges, universities, office buildings and other commercial areas. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the site for the Franchised Restaurant, the terms of the lease, the desirability of the location, and your ability to negotiate with your lessor.

The estimates assume that you will lease the premises for your Franchised Restaurant and therefore do not include costs related to the purchase of land or the construction of any buildings. If you purchase the property, you will incur additional costs that we cannot estimate.

8. Professional Fees. The estimate assumes that you will employ an attorney to help you negotiate your lease for the Franchised Restaurant premises. In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Franchised Restaurant. You may also form a corporation or other entity to operate the business. Your actual costs may

vary substantially, depending on the degree to which you rely upon your advisors and upon the licensing and permitting requirements that may apply to your Franchised Restaurant.

9. Insurance Deposits. The estimate represents an initial deposit for the insurance coverage necessary to operate the business and represents approximately three (3) months of coverage. Insurance costs will vary depending upon factors such as the size and location of the Franchised Restaurant, local market conditions and your insurability. Your obligations with respect to insurance are more fully described in Item 8.

10. Initial Inventory of Food and Paper Supplies. These expenses include an initial inventory of Products, as well as an initial inventory of paper goods and supplies. You will need to replenish your initial inventory on an as needed basis. Our company-owned Restaurants typically place orders for replacement items twice per week. The amount and cost of your initial and subsequent orders for all of these items will vary depending on various factors, including the size and anticipated volume of your Franchised Restaurant's sales and the frequency of your orders.

11. Training Expenses. You will incur expenses associated with our Manager in Training program. For this training program, we provide instructors and instructional materials at no charge for up to four (4) persons, but you must pay for transportation, lodging, food and wages for your trainees. The low end of the amounts shown above reflects the estimate for three persons to attend training, and the high end reflects the estimate for four (4) to attend training. The low end of the estimates assumes that the trainees are within driving distance to the training location, and the high end assumes that other travel will be needed, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations. See Item 11 under the heading "Training" for additional details regarding the program.

12. Grand Opening Advertising. This advertising and marketing promotion is intended to provide initial awareness and momentum for your new Franchised Restaurant. You must spend at least $15,000 on this advertising. Additional details regarding advertising and promotion can be found in Item 11, under the heading "Advertising."

13. Additional Funds. You will need additional working capital to fund expenses associated with the operation of the Franchised Restaurant, if such expenses are not covered by sales. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three (3) months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Your actual costs may vary considerably, depending on factors such as local economic conditions, the local market for the Products, the prevailing wage rate, competition, the sales level achieved during the initial period of operation, and your management and training experience, skill, and business acumen. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established.

We relied on our experience in developing and operating Restaurants since 2004 in preparing these estimates. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

As set forth in Note 4 above, the estimates set forth above are based on the general size range for our current locations of 3,200 to 3,600 square feet. However, we will strongly consider smaller locations

(as small as 2,200 square feet) depending upon the prevailing market conditions in the applicable areas, although we currently have only one location in this smaller size range.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Restaurant in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the SOP or otherwise in writing or by electronic communication.

Products and Other Purchases

General

All Products sold or offered for sale at the Franchised Restaurant must meet our then-current standards and specifications and be approved by us. You must purchase, install, and use all fixtures, furnishings, equipment, décor, supplies, computers and communications hardware and software, signs and materials as we may reasonably require in the SOP or other written or electronic materials (collectively, "**Required Items**"). You must purchase all Products and other Required Items solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the SOP or otherwise in writing. You may not purchase, offer or sell any Products, or use at your Franchised Restaurant, any Products or Required Items that we have not previously approved as meeting our standards and specifications. Although we are not currently a supplier of Products, we have the right to be an approved supplier of some of these items. We may disapprove Products and suppliers based on our desire for favorable pricing terms and to consolidate System purchases through fewer suppliers. We may designate a single supplier, which may be us or one of our affiliates, for any products, equipment, supplies, or services, in which event you must purchase these items exclusively from the designated supplier.

During the fiscal year ended December 31, 2025, we had total operating revenues of $8,916,417, of which $1,536,509 (or 17.2 %) was from rebates from our approved suppliers based on their sales to our Restaurants. During the fiscal year ended December 31, 2025, we did not derive any revenues from the sale of required products or services to our franchisees.

Our Bakery Affiliate is currently the sole approved supplier for certain baked dessert goods you will offer in your Franchised Restaurant. You will purchase these baked goods directly from our distributor. Our Bakery Affiliate is wholly owned by NHC. None of our officers has a direct ownership interest in any other approved supplier.

If you wish to purchase unapproved products, Products (except for Proprietary Products, which are discussed below) or Required Items from sources other than approved suppliers, you must submit to us a written request to approve the proposed product or supplier, together with any evidence of conformity with our specifications as we reasonably require. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay a charge not to exceed the reasonable cost of the evaluation and testing. If we do not give our written approval within 60 days, we will be deemed to have disapproved the proposed product or new supplier. We may occasionally revoke our approval of particular Products, Required Items or suppliers if we determine, in our sole discretion, that the Products or suppliers no longer meet our standards. Upon receipt of written

notice of this revocation, you must stop selling any disapproved product and/or stop purchasing from any disapproved supplier.

Our specifications are either contained in the SOP or in other printed or electronic materials or will be provided to you upon request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specifications and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason.

We estimate that your purchases from approved suppliers will represent approximately 90% to 95% of your total purchases in establishing the Franchised Restaurant, and approximately 90% to 95% in the continuing operation of the Franchised Restaurant. We also estimate that your purchases that must conform to our specifications will represent approximately 90% to 95% of your total purchases in establishing the Franchised Restaurant, and approximately 90% to 95% of your total purchases in the continuing operation of the Franchised Restaurant.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may transact business, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System. There are currently no purchasing or distribution cooperatives in our System.

We and/or our affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with us, you, or other Restaurants in the System. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase Products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

You must accept the forms of payment we specify in the SOP or in other printed materials, including all major credit cards, gift cards and cash. You must also participate in our gift card program, loyalty program and online ordering program. These programs may require that you invest in additional equipment and incur fees from the credit card processing vendors, gift card processing vendors and other hardware and software vendors that we designate.

Proprietary Products

The Proprietary Products that are or may be offered and sold in Restaurants are manufactured in accordance with our proprietary recipes, methods, formulae and specifications. To maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Restaurants in the System, you must purchase Proprietary Products only from the suppliers and distributors that we designate in our sole discretion, and you may not offer or sell any Proprietary Products that have not been purchased from us or our designated supplier at or from the Franchised Restaurant. We will have the right to periodically introduce additional Proprietary Products, or to discontinue use of certain Proprietary Products.

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

Insurance

Before beginning any operations under the Franchise Agreement, you also must obtain and maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, employee claims, cyber security or data breaches or any liability arising from your operation of the Franchised Restaurant. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the SOP or in other printed materials. All policies must provide us with at least 30 days prior written notice of any changes to or cancellation or expiration of a policy. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Restaurants. If we do so, we may require that you obtain your insurance through the designated carrier(s). We currently require that you obtain your employment practices liability insurance from our designated carrier. We may change our insurance requirements during the term of your Franchise Agreement.

Except as described above, neither we nor any affiliate of ours will derive revenue as a result of your purchases or leases in accordance with our specifications or standards or from approved suppliers. We provide no material benefits to franchisees based on their use of approved suppliers.

Leases

If you will occupy the premises of your Franchised Restaurant under a lease, then you must submit the lease to us for our review and approval prior to execution, which will not be unreasonably withheld. Your lease or sublease (or rider to the lease or sublease) must contain the lease terms and conditions that we require in writing, a current list of which is included as Exhibit G to the Franchise Agreement and Exhibit B to the Area Development Agreement. At our request, you and your landlord must also sign a Conditional Lease Assignment, which is Exhibit H to the Franchise Agreement.

Real Estate and Architectural Services

You may use your own broker for real estate services unless we specifically designate otherwise. You will pay all related fees directly to your broker. For each proposed Restaurant location, you must submit to us a site approval package in a format specified by us, as more fully described in Item 11. You must use suppliers that we approve for your architectural services.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Area Development Agreement and the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	5 and Exhibit G	3 and Exhibit A	11
(b) Pre-opening purchases/leases	5	Not Applicable	7 and 8
(c) Site development and other pre-opening requirements	5	3	8 and 11
(d) Initial and ongoing training	6	Not Applicable	11
(e) Opening	5	Not Applicable	11
(f) Fees	4 and 13	4	5 and 6
(g) Compliance with standards and policies/Operating Manual	8, 10, and 13	5	8, 11, and 14
(h) Trademarks and proprietary information	8.8, 8.10, 9, and 10.2	1.4	13 and 14
(i) Restrictions on products/services offered	1.3 and 8.6	1	5, 8 and 16
(j) Warranty and customer service requirements	23	Not Applicable	16
(k) Territorial development and sales quotas	1 and Exhibit A	Not Applicable	12
(l) On-going product/service purchases	8	Not Applicable	8
(m) Maintenance, appearance and remodeling requirements	5 and 8	Not Applicable	8
(n) Insurance	14	Not Applicable	7 and 8
(o) Advertising	13	Not Applicable	6, 7, 8, and 11
(p) Indemnification	21.4	12.4	None
(q) Owner's participation / management and staffing	8.3 and 8.4	Not Applicable	15
(r) Records/reports	12	5.3 and 5.4	6
(s) Inspections/audits	8.9	Not Applicable	6 and 11
(t) Transfer	15	7	17
(u) Renewal	2.2	Not Applicable	17

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Item in Disclosure Document
(v) Post-termination obligations	17 and 18.3	6.6 and 8	17
(w) Non-competition covenants	18	8	17
(x) Dispute resolution	27	16	17
(y) Liquidated damages	17	Not applicable	6

ITEM 10
FINANCING

We do not offer direct or indirect financing, nor do we guaranty your notes, leases or other obligations, but we may decide to offer indirect financing in the future.

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

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

Pre-opening Obligations

We are required by the Franchise Agreement and the Area Development Agreement to provide certain assistance and service to you.

Franchise Agreement. Before you open your Franchised Restaurant:

1. We will provide you with our standard initial training program for the requisite number of managers specified in the SOP or otherwise in writing (generally four (4)). (Training is also discussed below in this Item 11 under the subheading "Training.") We will bear the cost of instruction, subject to the terms stated in the Franchise Agreement. (Franchise Agreement, Sections 3.2, 6)

2. We will provide you and your broker with assistance in identifying sites that meet our minimum standards for a Restaurant. We will approve or deny each site proposed to us. (Franchise Agreement, Section 5.1)

3. We will make available to the approved architect any applicable, available prototype design plans and specifications for the construction of a Restaurant and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs. You must directly engage the services from one of our approved architectural providers to adapt the plans to your site, and you must hire an approved general contractor to build the Franchised Restaurant in accordance with those approved plans. For your first Franchised Restaurant, we may require you to retain the services of a third-party professional construction manager (independent of your general contractor) to oversee construction. You must comply with all local and other requirements relating to the plans, including zoning, code, and the Americans with Disabilities Act. (Franchise Agreement, Sections 3.1, 5.1)

4. We have the right to inspect and approve the Franchised Restaurant for opening before the initial opening. You may not start operation of your Franchised Restaurant until receiving our approval to do so. (Franchise Agreement, Section 5.2)

5. We will provide on-site pre-opening and opening supervision and assistance as described in Item 6. (Franchise Agreement, Section 3.3)

6. We will lend you, for the duration of the Franchise Agreement, copies of the SOP (which is more fully described in Item 14 below). (Franchise Agreement, Section 3.4)

7. We will assist you in developing a grand opening advertising program (which is more fully described in Item 7 of this Disclosure Document and in this Item under "Advertising"); you will pay for the cost of this program. (Franchise Agreement, Sections 3.6, 13.5)

8. We will provide you a list of our then-current designated or approved suppliers. (Franchise Agreement, Section 3.9)

Area Development Agreement: Before you open the Franchised Restaurant:

1. We will approve or deny your proposed site for each Franchised Restaurant. (Area Development Agreement, Section 3.2) As described below, we may postpone your development of Franchised Restaurants if your operating Franchised Restaurants do not meet our minimum scoring requirements. If we postpone your development for this reason, your Development Schedule may be adjusted accordingly in our discretion.

2. We will provide you with site selection guidelines, including our minimum standards for Franchised Restaurant sites, and other site selection counseling and assistance as we deem appropriate. (Area Development Agreement, Section 5.1)

3. If we deem appropriate, we will, at no charge to you, provide you with the on-site evaluations that we consider advisable for each Franchised Restaurant to be developed under the Development Schedule.

We are not required by the Franchise Agreement or Area Development Agreement to furnish any other service or assistance to you before the opening of your Franchised Restaurant.

Continuing Obligations

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

1. We may conduct, as we deem advisable, periodic inspections of the Franchised Restaurant and may provide evaluations of the Products sold and services rendered at the Franchised Restaurant. (Franchise Agreement, Sections 3.8, 8.7.2)

2. We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 6.4, 6.7)

3. We will give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Restaurant, as we deem appropriate. (Franchise Agreement, Section 3.7) We (or our designated third-party provider) will evaluate and score your Franchised Restaurant periodically using our criteria, which includes brand standards compliance, food safety, quality and presentation, sanitation, facility maintenance, and use of approved Products and menu items. If you have signed an Area

Development Agreement with us, you may not be permitted to develop additional Restaurants unless you meet our minimum evaluation score at all Franchised Restaurants owned and operated by you.

4. We will administer the national marketing fund (the "**National Marketing Fund**") as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 13.2)

5. We will determine the amounts you must (i) contribute to the National Marketing Fund, (ii) spend for local advertising for your Franchised Restaurant, and (c) contribute to any Cooperative Fund. We have the right to change these amounts at any time upon 60 days' advance written notice to you, but your total advertising obligation will not be more than 3% of Net Sales. Your total advertising obligation is the minimum amount that we require you to spend to promote your Franchised Restaurant. You may, however, choose to spend additional money on local advertising above the amount we require.

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Restaurant. The Area Development Agreement does not require us to provide any other assistance or services during the operation of the Franchised Restaurant.

Site Selection

Under the Franchise Agreement

If you do not already possess a location that we find acceptable for a Restaurant upon signing the Franchise Agreement, we will provide you with procedures for locating, evaluating, and obtaining our approval of a site. We will work with you and your broker to locate a suitable site for your Franchised Restaurant within a designated geographic area. During the six (6)-month period after signing the Franchise Agreement, you must submit to us a completed site approval package in a form specified by us, which includes an option contract, letter of intent, or other evidence satisfactory to us that describes your favorable prospects for obtaining the site, photographs of the site, demographic statistics, financial information and any other information or materials that we may reasonably require (collectively, the "**Site Approval Package**"). We will have 20 business days after we receive the complete Site Approval Package from you to approve or disapprove, in our sole discretion, the location for the Franchised Restaurant. Our site approvals may be subject to certain conditions, such as modifications of lease terms and requirements regarding your financing arrangements. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the authorized site. (The lease or purchase agreement must be submitted to us for our approval before you acquire the authorized site.) If you are unable to locate an approved site within this six (6) - month period, we have the right to terminate the Franchise Agreement. Under any of the above circumstances, you must be open and operating by the earlier of 12 months after you sign the Franchise Agreement or six (6) months after our approval of your site.

Under an Area Development Agreement

If you do not already possess a location that we find acceptable for a Restaurant upon signing the Area Development Agreement, we will provide you with procedures for locating, evaluating, and obtaining our approval of a site. We will work with you and your broker to locate a suitable site for your Franchised Restaurant. Recognizing that time is of the essence, you will comply strictly with the Development Schedule, which requires that you execute and deliver to us Franchise Agreements for a specific number of Franchised Restaurants by the end of the time periods specified in Exhibit A to the Area Development Agreement, subject to our exercise of our postponement rights described in therein.

You must submit to us a completed Site Approval Package. We will have 20 business days after we receive the Site Approval Package to approve or disapprove, in our sole discretion, the location for the Franchised Restaurant. Our site approvals may be subject to certain conditions, such as modifications of lease terms and requirements regarding your financing arrangements. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the authorized site. The lease or purchase agreement must be submitted to us for our approval before you lease or acquire the authorized site.

Under the Franchise Agreement and the Area Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing within 20 days of receipt of your complete Site Approval Package. In approving a location for the Franchised Restaurant, we consider the location, neighborhood, population and other demographic information, traffic patterns, visibility, parking facilities, size, lease, and applicable zoning requirements. If you do not locate and secure an acceptable site within the required time frames, you will be in default of your Area Development Agreement, and we may exercise our legal remedies, including termination.

Computer System

You will need to acquire the computer hardware and software system (a "**Computer System**") that we may periodically specify. (Franchise Agreement, Section 7.1). The term Computer System refers to hardware and software for the management and operation of the Franchised Restaurant and for reporting and sharing information with us, point of sale systems, ordering systems and applications and communication systems (including modems, cables, etc.). Our requirements may vary from time to time based on various factors, including the price and availability of new computer technology. Our requirements are described below.

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, and communications systems into conformity with our then-current standards for new Restaurants in our system. In connection with a proprietary program, we or our approved vendor may require you to sign a license or maintenance agreement. We may require you to enter into agreements with, and pay reasonable fees to, us, our affiliates, or approved suppliers for the required software, the Computer System or other related programs. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services, nor are we required to provide you with any maintenance, updates or upgrades to your Computer System. We will attempt to keep these changes reasonable in cost, but the Franchise Agreement does not limit the number or cost of these changes to the Computer System. We may charge you a reasonable fee for modifications and enhancements related to the Computer System (including any proprietary software that we license to you) and for other maintenance and support services that we or our affiliates furnish to you related to the Computer System (including our costs and administrative expenses related to procuring, providing or developing such services and integrating such services with the Computer System).

You must provide us with access to your Computer System in the form and manner that we may request. We reserve the right to download sales, other data and communications from your Computer System. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded and otherwise collected from your Computer System. We will have the right to use the data in any manner that we deem appropriate without compensation to you.

We will also have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet) between us, our franchisees, and other persons and entities that

we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the extranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the extranet that you must acknowledge and/or sign.

Software Licensing

The hardware and software that we currently use is not proprietary to us, but is proprietary property to the vendors described above. We currently require you to maintain the contracts described in this section for hardware and software maintenance, support and upgrade services for the communications and information systems. Software is generally licensed on a per Restaurant basis and entitles you to use the software for your Franchised Restaurant locations. Sole ownership of the software products remains with the software developer.

Back Office and other Systems

CrunchTime Information Systems, Inc. ("**CrunchTime**") is currently the designated vendor for the non-proprietary software used in the back-office system. We currently also use a third-party vendor hosted solution for scheduling, 7shifts Employee Scheduling Software, LLC ("**7shifts**"). The back-office software performs enhanced restaurant accounting and operations functions, collects sales and labor information from the point of sale system on a daily basis and provides daily, weekly, and monthly sales and labor information, as well as inventory, scheduling, accounts payable and other information. The software configuration and supplier may be frequently subject to change due to technological advances, security, compliance and service advances, which may increase your costs.

The estimated cost of CrunchTime is currently $2300 annually per location. The cost of 7shifts is $75 per month per location.

We expect to replace CrunchTime and 7shifts with the Restaurant 365 platform offered by R365 Inc. ("**R365**"). We expect the transition to R365 to begin in fiscal year 2026 and be completed by fiscal year 2027.

Point of Sale System

The point of sale system is comprised of certain hardware and software. The system uses the basic point of sale application software for communication between the point of sale system and your back-office computer. All software is site-licensed by the provider. The point of sale system is used to ring up orders, print tickets in the kitchen, production area and service bar, provide printed guest checks, and provide sales information, sales reports and labor reports to employees and managers.

Due to the integration of proprietary and non-proprietary system components, we require you to purchase all dedicated hardware and software used in the system through our current point of sale provider.

During the fiscal year ended December 31, 2025, we transitioned to a new point of sale provider, Toast, Inc. ("**Toast**"). The initial cost of this computer system will be $11,000 to $18,000. You will receive a warranty for the first 24 months after purchase of the system. The estimated cost of the required software subscription is $350 to $500 per month per location. In addition, we recommend that you use a third-party vendor to provide POS installation services, Absolute POS LLC. The estimated cost of such installation services is $3,000 to $6,500.

We currently use Paytronix Systems, Inc. ("**Paytronix**") for gift card and stored value services. We require you to purchase all software services used in the gift card system through Paytronix. The current cost of such services is $25 to $50 per month per location.

Digital Ordering and Catering Management Systems

We currently use two third-party vendor digital ordering systems. Mobo Systems, Inc. ("**Olo**") provides online ordering for takeout customers. The current estimated cost for Olo is $110 per month per location. MonkeySoft Solutions, Inc. ("**Monkey Media**") provides a comprehensive catering management platform that includes digital ordering for catering, order scheduling, customer relationship management, order price quote creation and reporting solutions. The current estimated cost for Monkey Media is $130 per month per location

Network Security, Anti-Virus Software & Hardware Firewall Appliance

In order to comply with PCI-DSS requirements, each Franchised Restaurant must install a firewall appliance and meet certain configuration standards to protect its point of sale network using either one of our recommended vendors or your own information technology employees or third-party vendors (provided that such arrangements are approved in advance by us). The cost of the firewall appliance will vary depending on the vendor that you select. We also require you to maintain a subscription for your Computer System (including each individual machine) to have anti-virus software that will update automatically. You must comply with our SOP, standards and policies regarding privacy compliance, network security and data safeguards (including anti-virus software), as may be updated from time to time. You must notify us immediately of any known or suspected breaches of data or information security connected with your Franchised Restaurant.

Support Desk

In fiscal year 2026, Franchisor expects to develop a support desk with one of its affiliates to provide network security and point of sale support services to the Restaurants. Certain of these support services will replace those currently provided by third-party vendors. The estimated cost is $150 to $200 per restaurant per month.

Learning Management System

We also require an online learning management system that provides enhanced training in our brand standards, including video tutorials and interactive testing. This online learning management system is currently delivered through the Opus Training, Inc. platform **("Opus").** The cost of Opus is currently $25 per month per location. We may collect such fees from you and remit them directly to Opus.

Advertising

Recognizing the value of standard marketing and advertising programs to the furtherance of the goodwill and public image of the System, we reserve the right to require you to spend or contribute money on marketing, sales building, advertising and promotion (the "**Marketing Obligation**"). We have the right to require you to spend money on local marketing, advertising and promotion, contribute to the National Marketing Fund, and/or contribute to a Cooperative Fund. Currently, you must contribute 1.75% of Net Sales to the National Marketing Fund and spend 1% of Net Sales on local marketing and advertising for your Franchised Restaurant. At your option, you may choose to spend more than we require for your local advertising.

You must participate in promotional programs developed by us for the System (in the manner directed by us in the SOP or otherwise in writing), including participation in in gift card, loyalty and other electronic incentive programs and promotions at your own cost in accordance with the SOP.

Your total Marketing Obligation (including contributions to the National Marketing Fund, your own local advertising and Cooperative Fund contributions) will not exceed 3% of your Franchised Restaurant's Net Sales. We reserve the right to determine how much you will spend in each category, and we have the right to change the percentages you spend with 60 days' advance written notice to you. (Section 13.1 of Franchise Agreement) Our company-owned Restaurants will contribute to the National Marketing Fund or Cooperative Fund on generally the same basis as franchisees in the System. As of the date of this Disclosure Document, there are no franchisee advertising councils.

National Marketing Fund

Our National Marketing Fund was established in 2008. You currently must contribute 1.75% of Net Sales each week to the National Marketing Fund, as described in Item 6. The funds, which are administered through our affiliate, Newk's Marketing Company, LLC, are used to develop marketing and advertising materials, marketing strategies and promotions such as limited time offer menu items. The National Marketing Fund may distribute advertising online or in print, radio, television or other electronic media. We will furnish to you upon written request, an annual, unaudited statement of funds collected and expenses incurred by the National Marketing Fund.

We (or our designee, which might be a corporate affiliate or a third-party advertising agency or consulting firm) will maintain and administer the National Marketing Fund, as follows:

(a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The National Marketing Fund is intended to maximize general public recognition, acceptance and patronage for Restaurants. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the National Marketing Fund.

(b) The National Marketing Fund, and all contributions to and earnings from the National Marketing Fund, will be used exclusively to meet the costs of marketing, sales building, advertising and any other activities that we believe will enhance the System's image and sales results and, in our sole discretion, promote general public awareness of and favorable support for the System. We may use the National Marketing Fund to pay for expenses we incur in activities reasonably related to directing the National Marketing Fund and its programs, including conducting media campaigns, direct mail programs, market research, menu development and compliance, public relations, creating, preparing, and producing advertising, merchandising, promotional, graphic design, and marketing materials, developing and maintaining our Web site and other technology that enhances sales, favorable support and public awareness of the System. We may also use the National Marketing Fund to pay for expenses related to collecting and accounting for National Marketing Fund contributions, and any taxes we must pay on National Marketing Fund contributions we receive; reasonable salaries, benefits and other overhead of personnel who manage and administer the National Marketing Fund and marketing, promotional and advertising programs; a management fee for us (or an affiliate); the National Marketing Fund's other administrative costs; travel expenses of personnel while they are on National

Marketing Fund business; meeting costs; overhead relating to National Marketing Fund business; and franchisee conferences.

(c) You must contribute to the National Marketing Fund by EFT by the third business day after the close of each week (see also Item 6, Note 2). Although the National Marketing Fund is not a trust, all sums you pay to the National Marketing Fund will be maintained separately from our other monies and will be used for the contributors' benefit for the purposes described above. The National Marketing Fund is not our asset, and we will not use the National Marketing Fund for our general operating expenses. We have no fiduciary obligation to you for administering the National Marketing Fund or for any other reason. The National Marketing Fund and its earnings will not otherwise benefit us or be used to solicit the sale of franchises.

(d) We may periodically make available to you marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the National Marketing Fund. Additionally, we may sell these items to you at a reasonable price, and any proceeds from those sales will be contributed to the National Marketing Fund.

(e) If all of the money in the National Marketing Fund is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the National Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the National Marketing Fund. The National Marketing Fund will not be terminated; however, until all monies in the National Marketing Fund have been spent for advertising or promotional purposes.

(f) During the fiscal year ended December 31, 2025, the National Marketing Fund spent contributions as follows: 68% on media placement/loyalty/app; 13% on general/administrative expenses; 10% on production; 6% on technology; and 3% on research and development.

Cooperative Fund

We will have the right, as we see fit, to establish a Cooperative Fund for your region to conduct advertising campaigns for the Restaurants located in that region. We will furnish to you upon written request an annual, unaudited statement of funds collected and costs incurred. As of the date of this Disclosure Document, there are no Cooperative Funds in existence, although we may do so at any time.

If a Cooperative Fund for your area was established before you began to operate your Franchised Restaurant, you must immediately join that Cooperative Fund when you open your Franchised Restaurant. If a Cooperative Fund for your area is established after you begin to operate your Franchised Restaurant, then you will have 30 days to join the new Cooperative Fund. An individual Restaurant will not need to be a member of more than one Cooperative Fund. If we (or an affiliate) contribute to a Cooperative Fund, we will have the same voting rights for our Restaurants as do our franchisees with respect to their Franchised Restaurants.

The following provisions will apply to each Cooperative Fund (if and when organized):

(a) Cooperative Funds will be established, organized, and governed in the form and manner that we have approved in advance in writing.

(b) Cooperative Funds will be organized according to written governing documents for the exclusive purpose of administering regional advertising programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Cooperative Funds may not use advertising, promotional plans, or materials without our prior written approval, as described below under the heading "Local Advertising and Promotion."

(d) You must submit your required contribution to the Cooperative Fund according to the schedule we designate for the Cooperative Fund. At the same time, you must submit the reports that we or the Cooperative Fund require. We may require you to submit this payment by EFT or by check. We also may require that your payments and reports to the Cooperative Fund be made to us for distribution to the Cooperative Fund.

(e) Members of any Cooperative Fund may agree (by a majority vote) to set the Cooperative Fund contribution at a rate that, when combined with the National Marketing Fund contributions and local advertising requirement, may exceed 3% of Net Sales. Any amounts you contribute to a Cooperative Fund will count toward the amount you must spend on local advertising, but if the amount you contribute to a Cooperative Fund is less than the amount you must spend on local advertising, you must still spend the difference locally.

(f) We maintain the right to change, merge or terminate any Cooperative Fund at any time. A Cooperative Fund will not be terminated, however, until all monies in that Cooperative Fund have been spent for advertising or promotional purposes (unless there are no remaining Restaurants in the Cooperative Fund, in which event we will transfer the remaining monies to the National Marketing Fund).

Local Advertising, Marketing and Promotion

Currently, you must spend 1% of Net Sales on local marketing and advertising for your Franchised Restaurant. We may request evidence that you have met this minimum requirement, or we may elect to collect such amounts in advance and then disburse them on your behalf after receipt of certain documentation. Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You, or any Cooperative Fund, may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials. The menu prices you intend to charge may be subject to our approval in accordance with applicable law. If we do not give our written disapproval of your proposed materials within ten days, we will have been deemed to have approved the plans or materials. At our request, you must include certain language in your local advertising materials, such as "Franchises Available" and our website address and phone number.

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

As discussed in Item 7, in addition to (and not in place of) the Marketing Obligation, you must prepare and conduct an opening advertising program (the "**Opening Advertising Program**"), in accordance with our specifications for that program. All materials used in the Opening Advertising Program will be subject to our prior written approval, as described above. The Opening Advertising Program is considered "local advertising and promotion" and is therefore subject to the restrictions described below, but the cost of the Opening Advertising Program is separate from your required local advertising expenditures. We will work with you to develop your Opening Advertising Program for your market. We, our affiliates or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term "**local advertising and promotion**" refers to only the costs of purchasing and producing advertising materials (such as camera-ready advertising), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Local advertising and promotion" does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

We are not obligated to spend any amount on advertising in your area separate from the National Marketing Fund.

Websites

Websites (as defined below) are considered "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "**Website**" means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Franchised Restaurant, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting any approval, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

You are also strictly prohibited from promoting your Franchised Restaurant and/or using the Proprietary Marks in any manner on social or networking Websites, such as Facebook, Instagram, LinkedIn, X, TikTok, Groupon or similar sites without our prior written consent. We maintain an online presence for Restaurants through various social media channels, which are managed by our marketing and social media teams. In addition, we assist our franchisees in establishing their online presence. To maintain consistency and ensure compliance with our brand standards, our marketing team will monitor and provide ongoing training and guidance to franchisees with regard to social media channels. We reserve the right to change our social media policy at any time.

Training

We currently offer several training programs.

Management Training Program

Beginning no later than 15 days prior to the scheduled opening date for your Franchised Restaurant and continuing for the term of the Franchise Agreement, the Designated Principal (as defined in Item 15), the General Manager (as defined below), and the required number of other managers must attend and successfully complete one of our then current manager in training programs (collectively, the "**MIT Programs**"), which are more fully described below.

Our six (6)-week MIT Program includes classroom instruction and on-the-job training and is held at our Support Center in Jackson, Mississippi, in company-owned and franchised Newk's Restaurants in the field that have received our certification to conduct training programs (each, a "**Certified Training Restaurant**") or at other training facilities designated by us. Any management employee who successfully completes this MIT Program will be identified as a "Certified Manager." All General Managers and other managers of your first Franchised Restaurant must complete four (4) weeks of this six (6)-week management training program at our Support Center and at company-owned Certified Training Restaurants located in the Jackson, Mississippi area. General Managers will receive additional instruction and training during the management training program.

This year, we have introduced an intensive four (4)-week MIT Program, which also includes classroom instruction and on-the-job training and is held at our Support Center in Jackson, Mississippi, in company-owned and franchised Certified Training Restaurants or at other training facilities designated by us. Any management employee who successfully completes this MIT Program will also be identified as a "Certified Manager." All General Managers and other managers of your first Franchised Restaurant must complete all four (4) weeks of this MIT Program at our Support Center and at company-owned Certified Training Restaurants located in the Jackson, Mississippi area. General Managers will receive additional instruction and training during the management training program. All Franchisees are generally eligible for the four (4) -week MIT Program, but we may require that your General Managers and other managers receive additional training if necessary or advisable in in our discretion.

Your managers must also satisfactorily complete a Serv Safe training course, which we may provide during management training program at a nominal cost.

We will not authorize the Franchised Restaurant to open until you have employed the minimum number of Certified Managers designated by us in the SOP and other communications. Further, the Franchised Restaurant must employ at all times such minimum number of Certified Managers during the term of the Franchise Agreement. Our current policy generally requires four (4) Certified Managers (including the General Manager. The required number of Certified Managers may vary depending on anticipated sales volume and other relevant factors. We reserve the right to dismiss from the management training program any person whom we do not believe will meet the System's performance standards, and you must provide a suitable replacement within a time period determined by us. Your Certified Managers are responsible for training your staff at your own expense. Our SOP currently allows certain managerial duties to be performed by shift leaders that have completed our applicable certification program in your Franchised Restaurant, which is more fully described in the table below.

If you sign a Franchise Agreement for a third Franchised Restaurant, you must designate a multi-unit manager that meets our qualifications who must attend and successfully complete our training program for multi-unit managers, which is currently a one (1)-week program conducted at our Support

Center and other designated locations. Your multi-unit manager must also be a Certified Manger and have also previously completed General Manager training.

We may also require that all other individual owners of at least 10% of the beneficial interests in Franchisee attend and successfully complete such portions of the initial training program determined by us to be appropriate for owners not involved in the day-to-day operations of the Franchised Restaurant.

We will bear the cost of the instruction of the management training program, except as described below for additional training and assistance that we provide at your Franchised Restaurant. You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance and required materials (see Items 6 and 7 of this Disclosure Document).

If the Designated Principal, any multi-unit manager, the General Manager or any other required manager ceases to be actively employed in the Franchised Restaurant on a full-time basis, then you must promptly enroll a qualified replacement (who must be reasonably acceptable to us) in our management training program and any other training program that we require. The replacement Designated Principal and any required managers will complete the management training program as soon as is practicable, but not later than any time periods we specify in the SOP and otherwise in writing (currently within 60 days of the departure of the applicable Designated Principal or manager).

You may request that we certify one of your Franchised Restaurants as a Certified Training Restaurant. Such certification will be based upon the criteria contained in our current policy (which may require periodic training conducted at the Support Center), which we may periodically revise. We may also visit the Certified Training Restaurant to ensure that it continues to meet our standards and we may revoke our certification if it ceases to meet those standards. If you operate a Certified Training Restaurant, you must offer the management training program to your managers at your own expense.

Refresher Training

Additionally, we may require that you, your Designated Principal, multi-unit manager, General Manager and other managers attend the refresher courses, seminars, and other training programs that we may periodically require, provided that required refresher and additional training will not exceed five (5) full days (per individual) each year at our Support Center or at other designated Certified Training Restaurants or locations. We will bear the instruction costs associated with providing these training programs, and you will pay for any out of pocket costs and expenses associated with the additional training, including lodging, food and travel. However, if you request that we provide any of this training at your Franchised Restaurant, and we agree to do so in our discretion, we may charge you our then-current per diem training fee, and you will also be required to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel of our trainers. (See Item 6 regarding the costs.)

Our Training Personnel

Currently, our training staff is supervised by Matt Wilson, our Vice President of Company Operations. Mr. Wilson has eighteen (18) years of experience with us and nineteen (19) years of experience in the industry. In addition to Mr. Wilson, we will use other training specialists to conduct our training programs and supervise various training team members.

Pre-opening and Opening Training

We will conduct pre-opening training and opening assistance at your Franchised Restaurant. We will bear certain of the costs associated with providing this training as provided below. Pursuant to the Franchise Agreement, we will provide one or more of our training representatives for the purpose of assisting with the opening of your Franchised Restaurant. During this training, our representatives will assist you in establishing and standardizing procedures and techniques essential to the operation of a Newk's Restaurant and will assist in training personnel. We will not be responsible for training or offering guidance with respect to compliance with any laws, rules, regulations or other legal matters (including employment and wage and hour laws).

We will determine the number of trainers required to open your Franchised Restaurant. Under our current policy, we generally require three (3) to six (6) persons on the opening training team who have been certified by us as having completed our training requirements ("**Certified Trainers**"), to be made up of both our and your employees. We provide an opening specialist trainer who is accompanied by (i) up to five (5) Certified Trainers for your first Franchised Restaurant and (ii) one (1) to five (5) Certified Trainers for all subsequent Franchised Restaurants, depending on the number of Franchised Restaurants that you operate. You will provide the remaining members of the opening training team. If you do not or cannot provide sufficient number of your own Certified Trainer employees to participate on the opening training team, you must reimburse us for all costs and expenses of providing our own employees, currently estimated to be $6,500.

If you request additional days of on-site training in connection with your opening, or at a later time, we may charge you our then-current per diem training fee, and you will also be required to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel of our trainers. (See Item 6 regarding the costs.)

Learning Management System

We offer an online learning management system that provides enhanced training in our brand standards, including video tutorials and interactive testing. This online learning management system is currently delivered through the ExpandShare platform. (See Item 11 - "Computer System" regarding the costs.)

Training Programs

The subjects covered in our training programs are described below. Training materials will be provided through our SOP, written and electronic communications, and use of other presentation tools. We have the right to change the duration and content of our training programs in our discretion. We also have the right to modify our training program at any time to accommodate the specific needs or experience of any particular trainee.

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Management Training Program

Subject	Hours of Classroom/Online Training	Hours of On-the-Job Training	Location
Prep	4	30	Certified Training Restaurants in the field and online
Creation Station/Kitchen	2	45	Certified Training Restaurants in the field and online
MOD/Mid Shift	3	32	Certified Training Restaurants in the field and online
MOD/Open	3	32	Certified Training Restaurants in the field and online
MOD/Close	3	32	Certified Training Restaurants in the field and online
Inventory	2	12	Certified Training Restaurants in the field and online
Food Cost / Purchasing	3	5	Certified Training Restaurants in the field and online
Financial	3	5	Certified Training Restaurants in the field and online
Information Technology	4	4	Certified Training Restaurants in the field and online
Catering	8	18	Certified Training Restaurants in the field and online
Operations and Equipment	3	2	Certified Training Restaurants in the field and online
How to Prepare a Proper Performance Execution Planning (PEP) Talk	2	0	Certified Training Restaurants in the field and online

Subject	Hours of Classroom/Online Training	Hours of On-the-Job Training	Location
Running a Great Shift	2	24	Certified Training Restaurants in the field and online
The Newk's Experience	4	8	Certified Training Restaurants in the field and online
Equipment Maintenance	2	2	Certified Training Restaurants in the field and online
Shift Leader/ On the Job	0	20 shifts	Franchised Restaurant
Shift Leader/ Leadership Skills	12	20 shifts	Franchised Restaurant
Shift Leader/ Personal Development	14	20 shifts	Franchised Restaurant

Multi-Unit Manager Training Program

Subject	Hours of Classroom/Online Training	Hours of On-the-Job Training	Location
Professional Development	4	2	Support Center
Operations Training	3	6	Certified Training Restaurants in the field
Advanced Operations Training	9	15	Certified Training Restaurants in Jackson, MS area
Monday GM communication	4	0	Support Center
Operations Leadership	2	0	Support Center
Marketing	2	2	Support Center
Purchasing	2	0	Support Center

Construction and Layout of Restaurant

You must develop your Franchised Restaurant according to our standards and specifications. We will make available any applicable prototype design plans and specifications for the construction of a Restaurant, including interior design and layout, to one of our approved architects retained directly by you. These plans and layouts are not intended, with respect to your particular location, to address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations for persons with disabilities. We may occasionally change our prototypes and plans (including our

specifications for the interior and exterior appearances) for the Restaurants and develop or approve variations on our prototypes and plans to reflect locations with differing sizes, structural elements, visibility and other relevant factors.

For your first Franchised Restaurant, you may be required to retain the services of a third-party professional construction manager to oversee construction. This construction manager must be approved by us and must be independent of the general contractor who has been selected to build the Franchised Restaurant.

You must directly hire, with our prior consent, one of our designated and approved architects to prepare all required construction plans and specifications to suit the shape and dimensions of the approved site. You must pay for all design and architecture services.

You must make sure that your plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. You must submit final plans and specifications to us for approval before construction of the Franchised Restaurant begins. Our review is not designed to assess compliance with federal, state or local laws and regulations and is limited to review of the plans to assess compliance with our design standards for Restaurants, including trade dress and presentation of Proprietary Marks. Additionally, before opening the Franchised Restaurant (and before renovating it after the initial opening), you must sign and deliver to us an ADA Certification (in the form that is attached as Exhibit C to the Franchise Agreement), certifying to us that the Franchised Restaurant and any proposed renovations comply with the ADA.

Confidential Operations Manuals

We do not have a "confidential operations manual," but we do maintain the SOP. The SOP may consist of multiple volumes of printed text, workbooks, information posted on our extranet, hyperlink or Website links, computer disks, other electronic stored data, videotapes, periodic updates, bulletins or written or electronic communication that we issue to franchisees operating under the System. You must treat the SOP, all supplements and revisions to the SOP, including emails, bulletins and the information contained in them, as confidential, and must use best efforts to maintain this information (whether in written or electronic format) as secret and confidential. You must not reproduce these materials (except for the parts of the SOP that are meant for you to copy, which we will clearly indicate) or otherwise make them available to any unauthorized person. The SOP will remain our sole property. You must keep any printed SOP materials in a secure place on the Franchised Restaurant premises.

We may revise the contents of the SOP, and you must comply with each new or changed standards, specifications or policies. We will notify you in writing of revisions to the SOP. You must make sure that the SOP is kept current at all times. If there is a dispute as to the contents of the SOP, the terms of the master copies that we maintain at our home office will control.

Opening of Franchised Restaurant

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately six (6) to nine (9) months. Factors that may affect this time period include your ability to obtain financing or building permits, zoning and local ordinances, weather conditions, the condition of the site, availability of labor and building materials, or delayed installation of equipment, fixtures and signs. Unless we agree in writing otherwise, you must open your Franchised Restaurant by the date set forth in your Area Development Agreement, or if there is no Area Development Agreement, within

12 months after signing the Franchise Agreement or six (6) months after we approve your site, whichever occurs first.

ITEM 12
TERRITORY

Franchise Agreement and Area Development Agreement

The following describes how territories (referred to as "**Protected Areas**" in the Franchise Agreements) and Development Areas are determined, and the rights that you and we have under the Franchise Agreement and the Area Development Agreement.

Franchise Agreement

Your Franchise Agreement will specify the site that will be the Approved Location for your Franchised Restaurant. Your Franchise Agreement will also specify a Protected Area. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The size and scope of the Protected Area will be contained in the Franchise Agreement and will be determined by us on a site by site basis based on certain demographic and other factors specific to the Approved Location, such as population density, the character of neighborhood, traffic patterns, and local trade areas. The Protected Area is not the same area as, and will be smaller than, the trade area in which you will be looking for a site or the Development Area under any applicable Area Development Agreement. While there is no minimum size for a Protected Area, we typically will define a Protected Area to extend for at least a half-mile radius around the Approved Location, except in densely populated urban areas.

During the term of the Franchise Agreement, however, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Protected Area except as may be permitted under the Franchise Agreement, which exceptions are described below. The Protected Area will not be unilaterally altered by us or you before expiration or termination of the Franchise Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Franchise Agreement.

You may sell our Proprietary Products and related merchandise to retail customers and prospective retail customers who live anywhere but who choose to dine in your Franchised Restaurant. You may not engage in any promotional activities or sell our Proprietary Products or similar products or services, whether directly or indirectly, online through or on the Internet, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may, however, place approved advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Protected Area, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Protected Area. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products at wholesale.

We and our affiliates may sell products under the Proprietary Marks within and outside your Protected Area through any method of distribution other than a dedicated Restaurant, including sales through channels of distribution such as through the Internet, catalog sales, telemarketing or other direct marketing sales and gift cards (together, "alternative distribution channels"). You may not use alternative

distribution channels to make sales outside or inside your Protected Area, and you will not receive any compensation for our sales through alternative distribution channels, including any sales we make through our Website. If we fulfill orders made via our Website, we will not share any revenue from these sales with you, even if the order is delivered to a customer within your Protected Area.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for the Restaurants operated by our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Restaurants which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future without first obtaining your consent.

Area Development Agreement

The Area Development Agreement will specify the Development Area within which you may locate potential sites for Restaurants, subject to our approval. The size and scope of the Development Area will be determined by mutual agreement and will be specified in the Area Development Agreement. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other Restaurants, your financial, operational and other capabilities, the number of Restaurants you wish to develop and our strategic development plans for the System. During the term of the Area Development Agreement, if you comply with the obligations under the Area Development Agreement, and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a Restaurant in the Development Area. Except as described below, there are no circumstances under which the Area Development Agreement may be unilaterally altered before expiration or termination of the Area Development Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Area Development Agreement and Development Schedule.

If you do not comply with a deadline under the Development Schedule (a "**Missed Deadline**"), you will be in default under the Area Development Agreement. For one (1) Missed Deadline, we will provide you with a 30-day opportunity to cure your default (or such longer period as applicable law may require). If you fail to cure the default within the applicable cure period, and/or upon the occurrence of another Missed Deadline, we may terminate your Development Agreement, or we may elect to take one or more of the following actions: (i) stop crediting the Area Development Fees paid towards the Franchise Fees for the Franchised Restaurants to be developed (see Item 5 for explanation of credits); (ii) eliminate the limited exclusivity, or reduce the scope of protections granted to you within the Development Area; (iii) reduce the scope of the Development Area; (iv) reduce the number of Franchised Restaurants for you to develop, (v) retain all Area Development Fees paid to us. If we choose to take one or more of these actions, we will provide written notice to you, and the Area Development Agreement will be automatically amended to reflect the changes.

Our Reserved Rights under the Franchise Agreement and Area Development Agreement

Under both the Franchise Agreement and the Area Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(i) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Restaurants operating under the Proprietary Marks and the System selling the Products at any location outside your Protected Area or Development Area regardless of their proximity to, or potential impact on, your Protected Area or Development Area or Franchised Restaurants.

(ii) We may own, acquire, establish and/or operate and license others to establish and operate, non-restaurant businesses under the Proprietary Marks, at any location within or outside the Protected Area or Development Area.

(iii) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether these businesses are similar or different from the Franchised Restaurant, at any location within or outside the Protected Area or Development Area regardless of their proximity to the Protected Area or the Development Area or the Approved Location or their actual or threatened impact on sales of the Franchised Restaurant.

(iv) We may own, acquire, establish, and/or operate and license others to establish and operate, Restaurants under the Proprietary Marks at Institutional Accounts (as defined below) at any location within or outside the Protected Area or Development Area. "**Institutional Accounts**" means outlets that serve primarily the customers located within a facility, such as captive audience facilities (examples include parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include airports, transportation centers, department stores, in-door shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

(v) We may sell and distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, gift cards, or the Internet, including those products bearing our Proprietary Marks, provided that distribution within the Protected Area or Development Area will not be from a Restaurant established under the System that is operated from within the Protected Area or Development Area (except from a Restaurant at an Institutional Account).

Additionally, during the term of your Area Development Agreement and Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, Restaurants then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Protected Area or Development Area notwithstanding their proximity to the Protected Area or the Development Area or the Approved Location or their actual or threatened impact on sales of the Franchised Restaurant, and we may (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Restaurant under the System. If we will operate and/or license others to operate any Acquired Business, then the following terms apply:

(1) If you are in compliance with your agreements with us, then for any Acquired Business that is both located within your Protected Area or Development Area and is purchased by us for operation by us or our affiliates, we will offer you the option to purchase and operate, as a Restaurant, the Acquired Business. We will provide you with written notice of our purchase of the Acquired Business, the terms and conditions applicable to the option to purchase the Acquired Business, and any other information that we deem necessary to include in the notice. The terms and conditions offered to you will include, without limitation, the following: (a) the purchase price for the Acquired Business will be determined using a ratio equal to the sales of the Acquired Business during the prior year, as compared to the total sales during that year of all Acquired Businesses that we purchased in the same transaction; and (b) the requirement that you

enter into our then-current form of System franchise agreement for the Acquired Business, provided that you will not be required to pay an initial franchise fee for an Acquired Business. If you do not choose to purchase, or fail to complete the purchase of, an Acquired Business, we will have the right to operate it ourselves or through our affiliates or third party licensees or franchisees under any trade name or trademarks, including the Proprietary Marks.

(2) If an Acquired Business is part of a system of retail businesses that we acquire (an "**Acquired System**"), you will have no right to purchase, and we will not be obligated to offer you any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. We may license the unit to be operated under any trade name or trademarks including the Proprietary Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Protected Area or the Development Area.

Competitive Businesses

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the affiliated franchise programs described in Item 1 and other portfolio companies that currently are or in the future may be owned, controlled or commonly managed by CSFC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current affiliated franchise programs that offer franchises, their principal business addresses, the general description of the goods and services they sell, whether their businesses are franchised and/or company-owned. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Most of the affiliated programs are not direct competitors of our franchise network given the products or services they sell, although some are, as described in Item 1. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

ITEM 13
TRADEMARKS

The Area Development Agreement does not allow you to use the Proprietary Marks. The Franchise Agreement will allow you to use the Proprietary Marks for your Franchised Restaurant as set forth therein. We own the Proprietary Marks. We have registered or applied for registration of the following principal marks on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"):

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Mark	Serial Number	Application Date	Registration Number	Registration Date
The Debra	77534842	July 30, 2008	3678588	September 8, 2009
Newk's "Q" *(Class Code: Sandwiches)*	77534693	July 30, 2009	3707521	November 10, 2009
Newk's	77787309	July 22, 2009	3757278	March 9, 2010
"We Cater…You Party"	85436199	September 30, 2011	4149769	May 29, 2012
Newk's Eatery	85851407	February 15, 2013	4546126	June 10, 2014
	87066160	June 9, 2016	5244235	July 18, 2017
	87066216	June 9, 2016	5244237	July 18, 2017
	87066269	June 9, 2016	5244238	July 18, 2017
	87066323	June 9, 2016	5244239	July 18, 2017
Our Kitchen is an Open Book	88344799	March 18, 2019	5867847	September 24, 2019
Feed What Matters	88377263	April 9, 2019	5969160	January 21, 2020
Newk's "Q" *(Class Code: Pizza)*	88737488	December 23, 2019	6100899	July 14, 2020
Wholesome is the New Healthy	88784984	February 4, 2020	6102210	July 14, 2020
Extra With Every Bite	97711791	December 9, 2022	April 29, 2025	*Pending*
Home of the Q Sauce	98176308	September 13, 2023	*Pending*	*Pending*
	98208386	October 3, 2023	*Pending*	*Pending*
Newkies	98916206	December 20, 2024	*Pending*	*Pending*

If our right to use these Proprietary Marks are challenged, you may have to change to an alternative trademark or one of the other Proprietary Marks we designate, which may increase your expenses.

There are no other agreements currently in effect to use, or license others to use, the Proprietary Marks in a manner material to the franchise. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark authorities of any state or court concerning the Proprietary Marks. NHC intends to file all required affidavits and other required documentation with the USPTO to maintain its interests in the Proprietary Marks. There is no pending material litigation involving the Proprietary Marks. We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will also reimburse you for your out-of-pocket costs.

We reserve the right to substitute different proprietary marks for use in identifying the System and the Restaurants operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks.

You must not use the Proprietary Marks (including our service marks) as part of your corporate, partnership, or other legal name, or to identify you or your Franchised Restaurant in any other legal activity, or as part of any e-mail address, domain name, or other identification of you or your Franchised Restaurant in any electronic medium, unless agreed to in advance, in writing, by us. As necessary to conduct the business of your Franchised Restaurant and obtain business permits for the operation of your Franchised Restaurant, you may indicate that your Franchised Restaurant will be doing business under the trade name "Newk's," or "Newk's Eatery" provided that you clearly identify yourself as the independent owner and operator of the Franchised Restaurant and properly identify the legal name under which you (or your business entity) will be acting.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own any patents that are material to the operation of your Franchised Restaurant.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Restaurants, including the SOP, marketing, advertising and promotional materials and other similar materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees and advertising funds and programs of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may periodically require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

Confidential Information

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

In addition, we may require you and your Principals, managers and certain other employees with access to confidential information to sign confidentiality agreements. Each of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their affiliation with you or the Franchised Restaurant. In addition, we may require that you and your Principals sign non-competition agreements. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of us as a third-party beneficiary with the independent right to enforce the covenants. Our current forms for these agreements are included in Exhibits D-1 and D-2 to the Franchise Agreement.

Standard Operating Procedures

To protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the SOP and other similar materials. We will lend you one set of our SOP for the term of the Franchise Agreement, which you must return to us at the expiration or termination of the Franchise Agreement. The SOP more fully described in Item 11.

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

Under the Franchise Agreement, you must designate one individual Principal who will be responsible for general oversight and management of the operations of the Franchised Restaurant on behalf of Franchisee (the "**Designated Principal**"). The Designated Principal will (i) own at least a 10% beneficial interest in Franchisee, (ii) have, in our reasonable discretion, satisfactory prior restaurant operations experience, and (iii) will complete the initial training program offered by us at a location designated by us.

If, however, you or your Designated Principal will not assume full-time responsibility for the daily supervision and operation of your Franchised Restaurant, then you must employ a full-time general manager (the "**General Manager**"), with qualifications reasonably acceptable to us and who successfully completes our initial training program to our satisfaction. We will have the right to rely upon the Designated Principal or General Manager to have the responsibility and decision-making authority regarding your business and operations.

Under the Area Development Agreement, you your Designated Principal must be involved in the general oversight and development of the Franchised Restaurants, as well as the operations of the Franchised Restaurants that are developed under the Area Development Agreement. We will have the right to rely upon the Designated Principal to have the responsibility and decision-making authority regarding your business and operations.

Under both the Franchise Agreement and the Area Development Agreement, if you are an entity, we may require that your owners personally sign a guaranty (in the forms included as Exhibit F to the Franchise Agreement and Exhibit E to the Area Development Agreement), guaranteeing the legal entity's obligations under that agreement. Additionally, you or your owners and your employees with access to confidential information who have received training or have otherwise had access to confidential information may be required to sign covenants to maintain confidentiality. You and your owners may be required to sign covenants. not compete with businesses under the System (Our current form for this agreement is included in Exhibits D-1 and D-2 to the Franchise Agreement). See Items 14 and 17 for a description of these obligations.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must not use the Franchised Restaurant for any other business operations or any other purpose or activity at any time without first obtaining our prior written consent. You must keep the Franchised Restaurant open and in normal operation for the minimum hours and days as we may specify. All Restaurants must be open at a minimum for lunch and dinner, seven (7) days per week. Currently, no Restaurants are open for breakfast. You must operate the Franchised Restaurant in strict conformity with the methods, standards, and specifications as we prescribe in the SOP and other written and electronic communications.

You may sell and provide only products and services that we have approved in writing and which conform to our standards and specifications (see Item 8 above). We have the unlimited right to change the types of authorized products and services sold by Restaurants. You must carry and sell all Products that we approve and specify, unless we otherwise provide our written approval. We have developed and designed menu items to be sold at lunch and dinner.

You may only sell such products to guests at the Franchised Restaurant for dine-in or carry-out. In addition, your Franchised Restaurant may engage in off-premises delivery of Products and must engage in off-premises catering in compliance with the programs, policies, delivery methods, terms and conditions that we periodically establish in the SOP and otherwise (which may include, without limitation, guidelines and requirements relating to financial reporting of such transactions, approval and/or designation of required third-party delivery service providers (such as GrubHub, ezCater, DoorDash, UberEats and Foodsby), permitted delivery areas, insurance coverage and vehicle use in such activities). We also require all Restaurants to sell selected menu items, sandwiches, salads, soups and desserts in our "Grab-n-Go" or "Express Market" cooler. We will periodically change the offerings that you must offer and sell in the cooler.

You must participate in the gift card and loyalty programs that we establish, and you must have available for sale to customers a sufficient number of gift cards to meet the demands of your Restaurant. Such programs may be modified and updated periodically. You must accept gift cards presented as payment for purchases made from your Restaurant.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the Franchise Agreement, the Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

The Franchise Agreement

Provision		Section in Franchise Agreement	Summary
(a)	Length of the term of the franchise	Section 2.1	The initial term is 10 years.
(b)	Renewal or extension of the term	Section 2.2	If you meet our criteria, three renewal terms of 5 years each.
(c)	Requirements for you to renew or extend	Section 2.2	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, and others; see § 2.2 in Franchise Agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your Protected Area will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.
(d)	Termination by you	Not applicable	
(e)	Termination by us without cause	Not applicable	
(f)	Termination by us with cause	Section 16	Includes default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see § 16 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may not be able to terminate the agreement merely because of a bankruptcy filing.)

Provision		Section in Franchise Agreement	Summary
(g)	"Cause" defined –defaults which can be cured	Sections 16.3 and 16.4	All other defaults not specified in §§ 16.1 and 16.2 of the Franchise Agreement.
(h)	"Cause" defined – defaults which cannot be cured	Sections 16.1 and 16.2	Includes bankruptcy, abandonment, conviction of felony, and others; see § 16.2 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
(i)	Your obligations on termination/nonrenewal	Section 17	You must stop operating the Franchised Restaurant, pay amounts due, and others; see §§ 17.1 – 17.10 of the Franchise Agreement.
(j)	Assignment of contract by us	Section 15.1	There are no limits on our right to assign the Franchise Agreement.
(k)	"Transfer" by you-defined	Section 15.2	Includes transfer of any interest.
(l)	Our approval of transfer by you	Section 15.2	We have the right to approve transfers and can apply standards to determine, among other things, whether the proposed transferee meets our requirements for a new franchisee.
(m)	Conditions for our approval of transfer by you	Sections 15.3 and 15.4	You must sign a release, transferee must sign new Franchise Agreement, pay transfer fee, and other requirements; see §§ 15.3.1 – 15.3.11 and 15.4 of the Franchise Agreement.
(n)	Our right of first refusal to acquire your business	Section 15.6	We can match any offer.
(o)	Our option to purchase your business	Section 17.9	On termination or expiration of your Franchise Agreement, we have the right to purchase certain of the assets used in your Franchised Restaurant.
(p)	Your death or disability	Sections 15.7, 15.8, and 29	Your estate must transfer your interest in the Franchised Restaurant to a third party we have approved within a year after death or six (6) months after the onset of disability.

Provision		Section in Franchise Agreement	Summary
(q)	Non-competition covenants during the term of the franchise	Sections 18.2 and 18.5	Includes prohibition on engaging in any other business offering predominantly salads, sandwiches or pizza in a fast casual environment; soliciting or diverting customers to other businesses; and other restrictions; see § 18.2 of the Franchise Agreement.
(r)	Non-competition covenants after the franchise is terminated or expires	Sections 18.3 and 18.5	Includes a two (2) -year prohibition similar to "q" (above), within the Protected Area, or within 25 miles of any Restaurant then operating under the System anywhere.
(s)	Modification of the agreement	Section 25	Must be in writing signed by both parties.
(t)	Integration/merger clause	Section 25	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the Disclosure Document.
(u)	Dispute resolution by arbitration or mediation	Section 27.2	Except for certain claims, we and you must arbitrate all disputes at a location within 5 miles of our then current principal place of business (currently Jackson, Mississippi).
(v)	Choice of forum	Sections 27.1 and 27.2	All litigation must be conducted in the federal court located in the Southern District of Mississippi, Northern Division. All arbitration must be conducted within 5 miles of our then current principal place of business (subject to state law).
(w)	Choice of law	Section 27.1	State of Mississippi (subject to state law).

The Area Development Agreement

Provision		Section in Area Development Agreement	Summary
(a)	Length of the term of the franchise	Attachment A of Development Agreement	Last date in Development Schedule or earlier fulfillment of the Development Schedule obligations.
(b)	Renewal or extension of the term	Not applicable	
(c)	Requirements for you to renew or extend	Not applicable	
(d)	Termination by you	Not applicable	
(e)	Termination by us without cause	Not applicable	
(f)	Termination by us with cause	§ 6	We can terminate if you default.
(g)	"Cause" defined –defaults which can be cured	§§ 6.3 and 6.4	Includes all other defaults not specified in §§ 6.1 and 6.2 of Area Development Agreement.
(h)	"Cause" defined – defaults which cannot be cured	§§ 6.1 and 6.2	Includes bankruptcy; repeated failures to meet requirements; or failure to cure a default, failure to meet Development Schedule; termination of any individual Franchise Agreement for a Franchised Restaurant operated by you or a person or entity affiliated with you.
(i)	Your obligations on termination/nonrenewal	§ 6.6	You must stop establishing or operating Franchised Restaurants under the System for which Franchise Agreements have not been signed at the time of termination and comply with covenants.
(j)	Assignment of contract by us	§ 7.1	There are no limits on our right to assign the Area Development Agreement.
(k)	"Transfer" by you-defined	§ 7.2	Includes a transfer of any interest.

Provision		Section in Area Development Agreement	Summary
(l)	Our approval of transfer by you	§ 7.2	We have the right to approve transfers and can apply standards to determine, among other things, whether the proposed transferee meets our requirements for a new franchisee.
(m)	Conditions for our approval of transfer by you	§§ 7.2 and 7.3	Any of the conditions for transfer described in the Franchise Agreement attached to the Area Development Agreement that we deem applicable, and simultaneous transfer of Franchise Agreements signed pursuant to the Area Development Agreement.
(n)	Our right of first refusal to acquire your business	Not applicable	
(o)	Our option to purchase your business	Not applicable	
(p)	Your death or disability	Not applicable	
(q)	Non-competition covenants during the term of the franchise	§ 8.2	Includes prohibition on engaging in any other business predominantly salads, sandwiches or pizza in a fast casual environment; and soliciting or diverting customers to other businesses; and other restrictions.
(r)	Non-competition covenants after the franchise is terminated or expires	§ 8.3	Includes a two (2)-year prohibition similar to "q" (above), within the Development Area, or within 25 miles of any Restaurant then operating under the System located anywhere.
(s)	Modification of the agreement	§ 15	Must be in writing executed by both parties.

Provision	Section in Area Development Agreement	Summary
(t) Integration/merger clause	§ 15	Only the terms of the Area Development Agreement and other related written agreements are binding. (subject to state law) No other representations or promises will be binding. Nothing in the Area Development Agreement or in any other related written agreement is intended to disclaim representations made in the Disclosure Document.
(u) Dispute resolution by arbitration or mediation	§ 16.2	Except for certain claims, we and you must arbitrate all disputes at a location within 5 miles of our then current principal place of business (currently Jackson, Mississippi).
(v) Choice of forum	§ 16.2	All litigation must be conducted in the federal court located in the Southern District of Mississippi, Northern Division. All arbitration must be conducted in the city where we have our current principal place of business (subject to state law).
(w) Choice of law	§ 16.1	State of Mississippi (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchises.

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ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

These financial performance representations are provided as a reference only and are not intended to be used as a statement or forecast of earnings, sales, profits, or the prospects or chances of success that may be achieved by any individual Franchised Restaurant. Other than in this Item 19, we do not make any additional financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any additional representations, either orally or in writing. If you receive any additional financial performance information or projections of your future income, profits or earnings, you should report it to our management by contacting our Legal Department at Newk's Franchise Company, LLC, 2680 Crane Ridge Drive, Jackson, Mississippi 39216, (601) 982-1160, the Federal Trade Commission, and the appropriate state regulatory agencies.

As of January 1, 2026, there were 97 Restaurants operating, 88 of which were open on or before July 1, 2023 and operated with typical hours throughout the 52-week period between January 1, 2025, and December 31, 2025 (the "**fiscal year 2025").** These 88 Restaurants are referred to as the "**Covered Restaurants.**" Franchisees operated 61 Covered Restaurants (the "**Franchised Covered Restaurants**") and the Company operated 27 Covered Restaurants (the "**Company-owned Covered Restaurants**"). All statistics in these financial performance representations cover the fiscal year 2025.

The Company-owned Covered Restaurants are located in the following states: 8 in Mississippi, 4 in Tennessee, 1 in Louisiana, 2 in Alabama, 6 in Florida, 5 in Texas, and 1 in South Carolina. The first Company-owned Covered Restaurant opened in February 2004 and the most recent Company-owned Covered Restaurant opened in March 2019. The Covered Restaurants range in size from 3,175 to 4,600 square feet and are of substantially the same size and layout as the new Franchised Restaurants that we expect franchisees who purchase a franchise under this Disclosure Document to develop, although we are currently recommending that Franchisees also consider smaller Approved Locations, depending upon the prevailing market conditions in the applicable areas (see Item 7). The Covered Restaurants offer substantially similar products to the products offered in Franchised Restaurants purchased under this Disclosure Document.

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TABLE 1: STATEMENT OF AVERAGE UNIT VOLUME OF COMPANY- OWNED COVERED RESTAURANTS FOR FISCAL YEAR 2025

	Total 100%	Upper 33%	Mid-Level 33%	Lower 33%	Median
Net Revenue – AUV[1]	$2,194,256	$2,907,073	$2,078,065	$1,597,628	$2,067,435
# of Restaurants	27	9	9	9	27
# of Restaurants above Net Revenue-AUV[1]	10	3	4	5	13
% of Restaurants above Net Revenue – AUV[1]	37%	33%	44%	56%	48%
High Net Revenue		$4,179,846	$2,200,547	$1,867,391	
Low Net Revenue		$2,208,679	$1,909,140	$1,288,049	

TABLE 2: PROFIT AND LOSS STATEMENT OF COMPANY-OWNED COVERED RESTAURANTS FOR FISCAL YEAR 2025

During Period	Average		Upper 33%*		Mid-Level 33%**		Lower 33%***		Median
Net Revenue – AUV[1]	$2,194,256		$2,907,073		$2,078,065		$1,597,628		$2,067,435
Cost of Goods Sold	$668,694	30.47%	$890,379	30.63%	$633,478	30.48%	$482,225	30.18%	$636,391
Labor (Hourly & Management)	$600,045	27.35%	$743,109	25.56%	$592,047	28.49%	$464,977	29.10%	$581,100
Other Operating Expenses	$368,903	16.81%	$424,911	14.62%	$382,618	18.41%	$299,179	18.73%	$354,253
Occupancy	$201,681	9.19%	$196,202	6.75%	$206,470	9.94%	$202,370	12.67%	$209,980
EBITDA	$354,934	16.18%	$652,472	22.44%	$263,452	12.68%	$148,877	9.32%	$302,447

Annual Franchise Expenses Not Included in Table Above:

Royalty Payments (5%)

$109,713 (Average)	$145,354 (Upper 33%)	$103,903 (Mid-Level 33%)	$79,881 (Lower 33%)	$103,372 (Median)

***** Of the Upper 33% of Company-owned Covered Restaurants: (i) 4 or 44% reported Cost of Goods Sold % that were less than the group's Cost of Goods Sold for the fiscal year 2025; (ii) 4 or 44% reported Labor costs % that were less than the average Labor costs for the fiscal year 2025; (iii) 5 or 56% reported Other

Operating Expenses % that were less than the average Other Operating Expenses for the fiscal year 2025; and (iv) 4 or 44% reported Occupancy Costs that were less than the average Occupancy Costs for fiscal year 2025.

** Of the Mid-Level 33% of Company-owned Covered Restaurants: (i) 3 or 33% reported Cost of Goods Sold % that were less than the group's Cost of Goods Sold for the fiscal year 2025; (ii) 4 or 44% reported Labor costs % that were less than the average Labor costs for the fiscal year 2025; (iii) 4 or 44% reported Other Operating Expenses % that were less than the average Other Operating Expenses for the fiscal year 2025; and (iv) 5 or 56% reported Occupancy Costs that were less than the average Occupancy Costs for fiscal year 2025.

*** Of the Lower 33% of Company-owned Covered Restaurants: (i) 4 or 44% reported Cost of Goods Sold % that were less than the group's Cost of Goods Sold for the fiscal year 2025; (ii) 5 or 56% reported Labor costs % that were less than the average Labor costs for the fiscal year 2025; (iii) 5 or 56% reported Other Operating Expenses % that were less than the average Other Operating Expenses for the fiscal year 2025; and (iv) 4 or 44% reported Occupancy Costs that were less than the average Occupancy Costs for fiscal year 2025.

Notes to Tables 1 and 2:

The following notes form an integral part of Tables 1 and 2.

1. These financial performance representations reflect the 2025 Average Unit Volume and Cost of Goods Sold, Labor expenses (hourly and management personnel), Other Operating Expenses, Occupancy Costs, Assumed Royalties and EBITDA (as we define those terms in the Notes below) during our fiscal year 2025 for the Company-owned Covered Restaurants. All 27 Company-owned Covered Restaurants were open on or before July 1, 2023 and operated continuously for the entire fiscal year 2025.

2. With respect to the profit and loss statement financial performance representation contained in Table 2, we excluded the results of Franchised Covered Restaurants because franchisees do not provide complete expense data to us, and they vary in how they calculate various expense categories. As we were unable to provide complete information for all of the categories in the profit and loss statements, we determined that providing expense data on only Company-owned Covered Restaurants owned for the full fiscal year 2025 would allow for more uniform reporting. The information has been divided into three (3) groups of Restaurants (Upper 33%, Mid-Level 33% and Lower 33%) to illustrate the performance of the Restaurants at different annual unit volumes.

3. The following terms used in the Tables above have the following definitions for this Item 19:

"**Average Unit Volume**" or "**AUV**" includes the average Net Sales for each Restaurant. "**Net Sales**" means all revenue from the sale of all products and all other income of every kind and nature related to, derived from, or originating from the Restaurant (including all in-restaurant, "to go" and catering food and beverage sales), whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit; provided, however, that "Net Sales" excludes any customer refunds, coupon sales, sales taxes, and/or other taxes collected from customers and actually transmitted to the appropriate taxing authorities.

"**Cost of Goods Sold**" includes the total costs of all in-restaurant, "to go," and catering food and beverage as well as the cost of paper, packaging supplies and inventory.

"**Labor**" includes the cost for hourly and management labor costs, but does not include any salary and overhead for field supervision (e.g., area operations management). Labor costs include employee wages and benefits, employee training expenses, payroll taxes, corporate insurance allocations for group health, workers' compensation and vacation pay. Other benefits which you elect to provide your employees, such as the amount of vacation time and vacation pay, are factors that will affect labor cost. The costs of providing group health insurance for employees and workers' compensation insurance will vary depending on many factors, including the extent and amount of coverage provided, the loss experience of the group, and which insurance provider is chosen. Therefore, you may encounter higher relative costs in obtaining comparable insurance coverage.

"Other Operating Expenses" include Restaurant expenses, facility costs, office costs and miscellaneous operating expenses. Restaurant expenses include items like restaurant supplies, tableware and menus, linen, uniforms, internet connection fees, software licensing fees, electronics, discounts, credit card fees and bank charges. Facility costs include items like telephone expenses, security, licenses and permits, variable repair and maintenance expenses, maintenance contracts, utilities, trash removal, exterminators, and catering vans (including gas and maintenance). Third party credit card processing fees and bank charges are separately negotiated with credit card processors and banks. These fees and charges will vary depending on both the actual and projected volume of transactions and the total dollar value of individual transactions. Therefore, you may experience relatively higher costs for these items. Marketing expenses include local marketing expenditures along with contributions to the National Marketing Fund.

"Occupancy Costs" include all rent, property taxes, property insurance and general liability insurance and miscellaneous items. Rent consists of minimum rents, percentage rents, common area maintenance charges, and any sales or other taxes imposed thereon and paid by us. Property taxes are real estate taxes and assessments levied against the property upon which the Restaurant is located. The amount or rate of taxation varies from jurisdiction to jurisdiction and you should consult with your tax advisors regarding the impact that these taxes will have on this analysis.

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization. We calculate EBITDA by subtracting the average Cost of Goods Sold, Labor cost, advertising expenses, Operating Expenses and Occupancy Costs for the fiscal year 2025 from the average Net Revenues for the fiscal year 2025. We do not include costs for interest and other debt service costs, taxes, depreciation or amortization because they vary considerably depending on the particular organization and typically are excluded when calculating the free cash flow from a Restaurant's operations. Although the average EBITDA for all Company-Owned Covered Restaurants is 16.18%, there is a wide variation in EBITDA for those individual Company-owned Covered Restaurants, ranging from $1,179,166 to $7,591.

4. Typically, Company-owned Restaurants are located in both urban and suburban metropolitan areas. The location of a Restaurant (whether Company-owned or franchised) and the demographics of the geographic area can have a material impact on a Restaurant's revenues and expenses and, therefore, EBITDA.

5. The information presented is unaudited, although it was prepared using uniform accounting methods consistent with generally accepted accounting practices and on a basis consistent with those included in our annual audited consolidated financial statements. All Company-owned Covered Restaurants use the same accounting methods and system.

6. Your revenues and expenses in operating a Franchised Restaurant are likely to be different from the revenues and expenses of Company-owned Restaurants and will be directly affected by many factors like location, competition in the market, the quality of your management and service at the Restaurant, your

contractual relationships with lessors and vendors, the extent to which you finance the operation of the Franchised Restaurant, your legal, accounting and other professional fees and certain benefits and economies of scale we may derive as a result of operating multiple Restaurants on a consolidated basis. Accordingly, the figures in these Tables are provided as reference information only for your use along with other information you obtain during your evaluation of the purchase of a Franchised Restaurant.

TABLE 3: STATEMENT OF AVERAGE UNIT VOLUME OF FRANCHISED COVERED RESTAURANTS FOR FISCAL YEAR 2025

	Total 100%	**Upper 33%**	**Mid-Level 33%**	**Lower 33%**	**Median**
Net Revenue – AUV[1]	$2,363,907	$3,388,089	$2,290,294	$1,417,020	$2,291,360
# of Restaurants	61	20	21	20	61
# of Restaurants above Net Revenue-AUV[1]	30	7	11	11	30
% of Restaurants above Net Revenue – AUV[1]	49%	35%	52%	55%	49%
High Net Revenue		$4,624,079	$2,696,402	$1,838,182	
Low Net Revenue		$2,734,880	$1,883,151	$838,120	

Notes to Table 3:

1. The AUV information represents the financial performance of the 60 Franchised Covered Restaurants described above that were open continuously for the fiscal year 2025 based upon weekly sales reports submitted to us by the franchisees. While there were 69 Franchised Restaurants operating at the end of fiscal year 2025, we excluded the following Franchised Restaurants from this financial performance representation: (i) 7 Franchised Restaurants were excluded because they were opened after July 1, 2023; and (ii) 1 Franchised Restaurant (located in Lubbock, Texas) was excluded because it is a non-traditional location with a significantly smaller size and more limited hours of operation than typical System locations. We have not audited or independently verified the financial information disclosed in this financial performance representation, although we have no reason to believe that the information we receive from our franchisees is unreliable. The Franchised Restaurants included in this Table may be larger than the new Franchised Restaurants that we expect franchisees to develop who purchase a franchise under this Disclosure Document, as we are encouraging Franchisees to seek smaller Approved Locations (see Item 7). The Covered Franchised Restaurants offer substantially similar products to the products offered in Franchised Restaurants purchased under this Disclosure Document.

2. These figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from net revenues to obtain your net income or profit.

TABLE 4: STATEMENT OF AVERAGE UNIT VOLUME OF ALL COVERED RESTAURANTS (FRANCHISED AND COMPANY OWNED) FOR FISCAL YEAR 2025

	Total 100%	Upper 33%	Mid-Level 33%	Lower 33%	Median
Net Revenue – AUV[1]	$2,311,855	$3,278,579	$2,188,180	$1,473,071	$2,134,427
# of Restaurants	88	29	30	29	88
# of Restaurants above Net Revenue-AUV[1]	37	9	12	17	44
% of Restaurants above Net Revenue – AUV[1]	42%	31%	40%	59%	50%
High Net Revenue		$4,624,079	$2,528,988	$1,867,391	
Low Net Revenue		$2,591,445	$1,883,151	$838,120	

Note for Table 4:

This Table above reflects the AUV for all Covered Restaurants for our fiscal year 2025. See the Notes for the other Tables for additional information concerning the Covered Restaurants.

Notes – Item 19 Generally:

Some Restaurants have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

Figures in the Tables relating to Franchised Restaurants were calculated using financial reports submitted by franchisees. We have not audited or independently verified these reports nor have we asked questions of the submitting franchisees to determine whether they are accurate, complete or correct, although we have no information or other reason to believe that they are unreliable. No certified public accountant has audited these figures or expressed his or her opinion concerning their content or form.

Actual results vary from Restaurant to Restaurant, and we cannot estimate the results of a particular Restaurant. There is no assurance that your Franchised Restaurant will generate the same financial results. Your results may vary significantly depending upon a number of factors including, among other things, the location of your Restaurant, competition in the market, the quality of management and service at your Restaurant, brand awareness, economic conditions, your ability to market your Restaurant and your level of commitment and effort. We recommend that you make your own independent investigation to determine whether or not a Franchised Restaurant operated by you may be profitable and consult with an attorney and other advisors before signing the Area Development Agreement or Franchise Agreement. Franchisees or former franchisees (listed in this Disclosure Document) may be one source of this information.

Written substantiation of the data used in preparing these financial performance representations will be made available to you upon reasonable request.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2023, 2024 and 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	73	68	-5
	2024	68	66	-2
	2025	66	69	+3
Company-Owned	2023	27	29	+2
	2024	29	29	0
	2025	29	28	-1
Total Outlets	2023	100	97	-3
	2024	97	95	-2
	2025	95	97	+2

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023, 2024 and 2025

State	Year	Number of Transfers
Alabama	2023	0
	2024	1
	2025	3
Georgia	2023	0
	2024	0
	2025	1
Mississippi	2023	0
	2024	0
	2025	2
Tennessee	2023	0
	2024	0
	2025	0
Texas	2023	2
	2024	0
	2025	1
Total	2023	2
	2024	1
	2025	7

Table No. 3

Status of Franchised Outlets
For Years 2023, 2024 and 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	0	11
	2025	11	0	0	0	0	0	11
Arkansas	2023	9	0	0	0	0	0	9
	2024	9	1	0	0	0	0	10
	2025	10	0	0	0	0	2	8
Colorado	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Florida	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Georgia	2023	14	0	0	0	0	1	13
	2024	13	0	0	0	0	0	13
	2025	13	2	0	0	0	0	15
Indiana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	2025	0	0	0	0	0	0	0
Kansas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Louisiana	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	1	0	0	0	0	6
Maryland	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Table No. 3

Status of Franchised Outlets
For Years 2023, 2024 and 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Mississippi	2023	9	1	0	0	0	0	10
	2024	10	0	0	0	0	0	10
	2025	10	0	0	0	0	0	10
North Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	2025	0	0	0	0	0	0	0
Oklahoma	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	3	0	0	0	0	1	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Texas	2023	15	0	0	0	2	2	11
	2024	11	0	0	0	1	1	9
	2025	1	0	0	0	0	0	10
Total	2023	73	2	0	0	2	5	68
	2024	68	2	0	0	1	3	66
	2025	66	5	0	0	0	2	69

Table No. 4

Status of Company-Owned Outlets
For Years 2023, 2024 and 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Alabama	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Florida	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
	2025	6	0	0	0	0	6
Louisiana	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	1	0	1
Mississippi	2023	8	0	0	0	0	8
	2024	8	0	0	0	0	8
	2025	8	1	0	0	0	9
Tennessee	2023	5	0	0	0	0	5
	2024	5	0	0	1	0	4
	2025	4	0	0	0	0	4
Texas	2023	3	0	2	0	0	5
	2024	5	0	1	0	0	6
	2025	6	0	0	0	1	5
South Carolina	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	27	0	2	0	0	29
	2024	29	0	1	1	0	29
	2025	29	1	0	1	1	28

Table No. 5

Projected Openings as of December 31, 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
Georgia	0	1	0
Kansas	0	1	0
Mississippi	2	3	0
Total	0	5	0

A list of the names of all franchisees and the addresses and telephone numbers of their Restaurant businesses as of December 31, 2025 is provided in Exhibit E to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

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

We have a Franchise Advisory Council (the "**FAC**") for the purpose of providing a forum for open communications with the franchisee community and, in an advisory capacity only, to provide assistance in addressing general franchisee matters. It is headquartered at our address. Elections will be staggered so as to provide continuity from year to year. The FAC bylaws provide for annual, staggered elections for open FAC member seats, which will be held for two (2)-year terms. Each franchisee will have one vote in member elections regardless of the number of restaurants operated by it. No dues have been assessed to date, however, the FAC is allowed to assess reasonable dues, to be managed by us in our discretion and to be used for FAC-related activities only.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit G are the audited financial statements of our parent company, NHC, as of and for the years ended December 31, 2023, December 31, 2024 and December 31, 2025. NHC's absolute and unconditional guarantee of our performance of our obligations under the Franchise Agreement is also included in Exhibit G.

ITEM 22
CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit B – Franchise Agreement, including the following agreements:

- Authorization Agreement for Prearranged Payments (as Exhibit B)
- ADA Certification (as Exhibit C)
- Confidentiality and Non-Compete Agreements (as Exhibits D-1 and D-2)
- Guarantee, Indemnification and Acknowledgment (as Exhibit F)
- Conditional Lease Assignment (Exhibit H)

Exhibit C – Area Development Agreement, including the following agreements:

- Guarantee, Indemnification and Acknowledgment (as Exhibit)

Exhibit I – Form of General Release

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt for this Disclosure Document appear as the last pages of the Disclosure Document. Please date, sign, and return one copy to us and keep the other with this Disclosure Document for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, Newk's Franchise Company, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Newk's Franchise Company, LLC has appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

(for service of process)
Commissioner of Department of Financial Protection & Innovation

(state franchise administrator)
Department of Financial Protection & Innovation

Toll Free: 1 (866) 275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento
651 Bannon Street, Suite 300
Sacramento, California 95811
(916) 327-7585

San Diego
1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Corporate Oversight Division
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Insurance Commissioner
North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

(state agency)

North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Securities Division
Department of Financial Institutions
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Securities Division
Department of Financial Institutions
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

NEWK'S FRANCHISE COMPANY, LLC

FRANCHISE AGREEMENT

FRANCHISEE:

RESTAURANT LOCATION (#_____):#:

DATE:

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EXHIBIT H	CONDITIONAL LEASE ASSIGNMENT
EXHIBIT I	FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT STATEMENT

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into on _____, 20___ (the "**Effective Date**"), by and between:

- Newk's Franchise Company, LLC, a Mississippi limited liability company whose principal place of business is 2680 Crane Ridge Drive, Jackson, Mississippi 39216 ("**Franchisor**"); and

- _____ a [resident of] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at _____ ("**Franchisee**").

BACKGROUND

A. Franchisor owns a format and system (the "**System**") relating to the establishment and operation of casual restaurants, which operate at retail locations that display Franchisor's interior and exterior trade dress and feature and operate under the Proprietary Marks (as defined below) (each a "**Newk's Restaurant**"). Newk's Restaurants are designed using Franchisor's interior trade dress to be welcoming and comfortable for customers, and offer menus specializing in Franchisor's signature fresh tossed salads, oven baked sandwiches, hand-crafted pizzas, made-from-scratch soups and homemade cakes under the names "Newk's" or "Newk's Eatery." A "Newk's" restaurant operates using Franchisor's proprietary recipes, formulae and techniques ("**Proprietary Products**"), as well as other non-proprietary food, beverage, and other compatible items designated by Franchisor from time to time (collectively, "**Products**").

B. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings; recipes, standards and specifications for products, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; procedures for inventory and management control; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Newk's" and other marks (the "**Proprietary Marks**"). The Proprietary Marks are owned by Franchisor.

D. Franchisee desires to enter into the business of operating a restaurant as a Newk's Restaurant under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith.

E. Franchisee understands and acknowledges the importance of the high standards of Franchisor for quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with the standards and specifications of Franchisor.

NOW, THEREFORE, the parties agree as follows:

1. **GRANT**

1.1 **Grant and Acceptance**. Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, upon the terms and conditions set forth in this Agreement to: (a) establish and operate a Newk's Restaurant (the "**Franchised Restaurant**"); (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) operate the Franchised Restaurant only at the Approved Location (as defined in Section 1.2 below) in accordance with this Agreement.

1.2 **Approved Location**. Franchisee shall develop and operate the Franchised Restaurant only at the site specified in Exhibit A to this Agreement as the "**Approved Location**." Franchisee shall not open the Approved Location without Franchisor's prior written consent. Franchisee shall not relocate the Franchised Restaurant without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 8.19 below.

1.3 **Limit on Sales**. Franchisee's rights hereunder shall be limited to offering and selling Products at or from the Franchised Restaurant, and only to retail customers of the Franchised Restaurant for (a) customer consumption on the premises of the Franchised Restaurant at the Approved Location (the "**Premises**"), and (b) for customer carry-out consumption of Products sold at the Franchised Restaurant. Franchisee shall be required to engage in off-Premises catering activities and may be required to engage in off-Premises delivery of Products (including delivery of Products by a TPDS (as hereinafter defined) approved or designated by Franchisor). All on-Premises and off-Premises sales activities shall be conducted only in accordance with the requirements of this Agreement, applicable laws, the procedures, programs, policies, terms and conditions set forth in the SOP (as defined below) or as otherwise established by Franchisor from time to time. Franchisee shall not, without the prior written approval of Franchisor, engage in any other type of sale of, or offer to sell, or distribution of Products, including, but not limited to: selling, distributing or otherwise providing, any Products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any Products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

1.4 **Protected Area and Reserved Rights**. Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, nor license any other person to establish or operate, a Newk's Restaurant at any location within the territory specified in Exhibit A (the "**Protected Area**"). Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

1.4.1 To own, acquire, establish, and/or operate and license others to establish and operate, Newk's Restaurants under the System at any location outside the Protected Area notwithstanding their proximity to the Protected Area or the Approved Location or their actual or threatened impact on sales of the Franchised Restaurant.

1.4.2 To own, acquire, establish and/or operate and license others to establish and operate, non-restaurant businesses (including the licensing of grocery or other products) under the Proprietary Marks, at any location within or outside the Protected Area.

1.4.3 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Restaurant, at any location within or outside the Protected Area

notwithstanding their proximity to the Protected Area or the Approved Location or their actual or threatened impact on sales of the Franchised Restaurant.

1.4.4 To own, acquire, establish, and/or operate and license others to establish and operate, Newk's Restaurants under the Proprietary Marks at Institutional Accounts (as defined below) at any location within or outside the Protected Area. As used in this Agreement, "**Institutional Accounts**" shall mean outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, in-door shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

1.4.5 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, gift cards, or the Internet, including those products bearing Franchisor's Proprietary Marks provided that distribution within the Protected Area shall not be from a Newk's Restaurant established under the System that is operated from within the Protected Area (except from a Newk's Restaurant at an Institutional Account).

1.4.6 To (i) acquire one or more retail businesses that are the same as, or similar to, Newk's Restaurants then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Protected Area notwithstanding their proximity to the Protected Area or the Approved Location or their actual or threatened impact on sales of the Franchised Restaurant, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Newk's Restaurant under the System, subject to the following conditions that apply to each Acquired Business located within the Protected Area:

1.4.6.1 Except as provided in Section 1.4.6.2 below, and provided that Franchisee is in compliance with this Agreement and any other agreement with Franchisor, Franchisor shall offer to Franchisee the option to purchase and operate, as a Newk's Restaurant, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. Franchisor shall provide Franchisee with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Franchisee's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Franchisee shall include, without limitation, the following: (a) the purchase price will be based on Franchisor's purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below in Section 1.4.6.2), then Franchisee's purchase price for such Acquired Business shall be determined using a ratio equal to the sales during the prior year of such Acquired Business as compared to the total sales in such prior year of all Acquired Businesses purchased by Franchisor in the same transaction; and (b) the requirement that Franchisee enter into Franchisor's then-current form of System franchise agreement for the Acquired Business. If Franchisee does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall have the right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Proprietary Marks.

1.4.6.2 If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), Franchisee shall have no right to purchase, and Franchisor

shall not be obligated to offer Franchisee any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. Franchisor may license such unit to be operated under any trade name or trademarks including the Proprietary Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Protected Area.

2. TERM AND RENEWAL

2.1 **Initial Term**. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, this Agreement shall expire ten (10) years from the Effective Date.

2.2 **Renewal**. Franchisee may apply to operate the Franchised Restaurant for three (3) additional consecutive terms of five (5) years each if the following conditions are met prior to each renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the term of this Agreement;

2.2.2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System, or the lessor of the Premises;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates, the approved suppliers of the System, or the lessor of the Premises; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

2.2.5 Franchisee shall execute the then-current form of franchise agreement offered by Franchisor, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including requirements to pay additional and/or higher fees. Franchisee shall be required to pay a franchise fee for the renewal term of Five Thousand Dollars ($5,000), to be paid in full upon execution of such renewal franchise agreement;

2.2.6 Franchisee shall comply with the then-current qualification and training requirements of Franchisor;

2.2.7 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Premises as Franchisor may reasonably require, including installation of new equipment and renovation of signs, furnishings, fixtures, and decor to reflect the then-current standards and image of the System;

2.2.8 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises (or such other location acceptable to Franchisor) for the duration of the renewal term; and

2.2.9 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, if requested by Franchisor, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources and means to continue to operate the Franchised Restaurant during the renewal term.

3. DUTIES OF FRANCHISOR

3.1 **Franchisor's Prototype Plans**. Franchisee shall use an architect approved by Franchisor as set forth in Section 5. Franchisor shall make available to such architect any applicable prototype design plans and specifications for the construction of a Newk's Restaurant and for the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. The architect shall adapt the standard plans to the Franchised Restaurant's location, as provided in Section 5 hereof, subject to Franchisor's approval. Franchisee acknowledges that such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Newk's Restaurant, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee understands and acknowledges that Franchisor has the right to modify the prototype design plans and specifications, and develop additional prototype design plans and specifications, as Franchisor deems appropriate from time to time (however Franchisor will not modify the prototype plans and specifications for the Franchised Restaurant developed pursuant to this Agreement once those prototype architectural plans and specifications have been given to Franchisee).

3.2 **Initial Manager Training**. Franchisor shall provide its initial training for operators and managers ("**Initial Manager Training**"), as described in Section 6 of this Agreement, for up to five (5) trainees. Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate.

3.3 **Opening Training**. Franchisor will furnish to Franchisee, at Franchisee's premises and at Franchisor's expense, one (1) or more of Franchisor's training representatives for the purpose of facilitating the opening of the Franchised Restaurant. Franchisor shall determine the number of additional trainers required for each Franchised Restaurant's opening team, which shall be made up of both Franchisor and Franchisee employees. The number of opening training team members and the necessary trainer qualifications shall be determined in accordance with the Franchisor's then-current policies and procedures set forth in the SOP and otherwise and may be modified from time to time. During this training, such training representative will also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of a Newk's Restaurant and shall assist in training personnel; however, Franchisee acknowledges that Franchisor shall not be responsible for training or offering guidance with respect to compliance with any laws, regulations, employment matters or other legal matters. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Restaurant, and should Franchisor deem it necessary and appropriate to comply with the request, Franchisee shall pay Franchisor's per diem charges and Franchisor's out of pocket expenses in providing such additional assistance as set forth from time to time in the SOP.

3.4 **Loan of Standard Operating Procedures**. Franchisor shall provide Franchisee, on loan, with the Franchisor's Standard Operating Procedures, including workbooks, extranet and written and electronic policies and correspondence (collectively, the "**SOP**"), as more fully described in Section 10 hereof.

3.5 **Advertising Programs and Materials**. Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 13 below. Franchisor shall administer the National Marketing Fund (as hereinafter defined) and the Cooperative Ad Fund (as hereinafter defined), if such funds exist or are created, in the manner set forth in Section 13 below.

3.6 **Grand Opening Advertising**. Franchisor shall assist Franchisee in developing and conducting the Grand Opening Advertising Program (as described in Section 13 below), which program shall be conducted at Franchisee's expense.

3.7 **Guidance**. Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Restaurant as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.8 **Inspections**. Franchisor (and/or its designee) shall conduct, as it deems advisable, inspections of the operation of the Franchised Restaurant by Franchisee. Franchisor reserves the right to score the Franchised Restaurant using criteria developed by Franchisor and, if the Franchised Restaurant does not achieve a passing grade as determined by Franchisor, Franchisor shall work with Franchisee to rectify any issues determined pursuant to such inspection.

3.9 **List of Suppliers**. Franchisor shall, in the SOP (or otherwise in writing as determined by Franchisor), provide Franchisee with a list of suppliers designated and approved by Franchisor to supply Products, equipment, signage, materials and services to franchisees in the System.

3.10 **Delegation**. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct.

3.11 **Fulfillment of Obligations**. In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates) shall have the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other franchised businesses and systems and in which Franchisor has an interest and on Franchisor's (and its affiliates') own activities; (ii) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates; (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor has an interest; and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as Franchisor sees fit. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3.11, and that nothing in this Section 3.11 shall in any way affect Franchisee's obligations under this Agreement.

4. FEES

4.1 **Franchise Fee**. The initial franchise fee shall be the amount specified in Exhibit A (the "**Franchise Fee**"), which is paid as specified in Exhibit A in consideration of the franchise granted herein. The Franchise Fee (as reflected in Exhibit A) shall be Forty Thousand Dollars ($40,000). If this Agreement was not executed pursuant to an Area Development Agreement, the Franchise Fee shall be paid in full upon the execution of this Agreement. If this Agreement was executed pursuant to an Area Development Agreement, certain portions of the Area Development Fee shall be applied to the Franchise Fee as set forth in the Area Development Agreement and on Exhibit A.

4.2 **Refundability**. Payment of the Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

4.3 **Royalty Fees**. For each Week during the term of this Agreement, Franchisee shall: (a) pay Franchisor a continuing royalty fee in an amount equal to five percent (5%) of the Net Sales of the Franchised Restaurant ("**Royalty Fees**"); and (b) report to Franchisor, in the manner specified by Franchisor its Net Sales (a "**Sales Report**"). As used in this Agreement, the following terms shall apply:

4.3.1 The term "**Week**" means the period starting with the commencement of business on Monday and concluding at the close of business on the following Sunday (or, if the Franchised Restaurant is not open on a Sunday, the immediately preceding business day); however, Franchisor shall have the right to designate in writing any other period of not less than seven days to constitute a "Week" under this Agreement.

4.3.2 The term "**Net Sales**" means all revenue from the sale of all Products and all other income of every kind and nature related to, derived from, or originating from the Franchised Restaurant, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, credit, account, barter or exchange and regardless of collection in the case of check or credit. Net Sales includes monies, gift card redemptions, or credit generated by or received from (i) the sale of Products or tangible property of every kind and nature anywhere and (ii) services performed from, at, or in connection with the Franchised Restaurant, including off-Premises sales (such as catering and delivery), or any other services or activities that use either the System, the Proprietary Marks, or products that are the same as or similar to the Products. The foregoing list is not intended to provide approval for such activities, which may be conducted only if approved. "Net Sales" excludes the initial sales or reloading of gift cards, any discounted portion of employee meals, complimentary meals, customer refunds made in good faith, coupon sales discounts, sales taxes, and/or other taxes collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities.

For any orders of Products placed by customers using third-party delivery service providers (e.g., GrubHub, ezCater, Waitr, DoorDash, Uber Eats, Postmates, Foodsby) (a "**TPDS**"), Net Sales shall include the purchase price of the Products charged to the customer by such TPDS (which shall include any fee that is incorporated into or deducted from the menu price of the Products and shall not be adjusted to reflect any discounts, credits, or coupons deducted from the customer's total order by the TPDS), regardless of the amount of revenue actually received from the TPDS as a result of the customer's purchase. For avoidance of doubt, the TPDS may pay the Franchised Restaurant an amount equal to the purchase price charged for the Products to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, and such commission, fees, discounts, credits, and coupons will not be deducted from Net Sales. Notwithstanding the foregoing, Net Sales shall not include any separate fee charged by the TPDS directly to the customer that appears as a separate line item charge on the customer's bill.

4.3.3 If a state or local law in which the Franchised Restaurant is located prohibits or restricts in any way Franchisee's ability to pay and Franchisor's ability to collect Royalty Fees or other amounts based on Net Sales derived from the sale of alcoholic beverages at the Franchised Restaurant then Franchisor and Franchisee shall increase the percentage rate for calculating Royalty Fees, and change the definition of Net Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fees to be paid by Franchisee, and received by Franchisor, shall be equal to such amounts as Franchisee would have been required to pay, and Franchisor would have received, if sales from alcoholic beverages were included from Net Sales.

4.3.4 If a state or local law in which the Franchised Restaurant is located imposes a sales or other tax on the Royalty Fees, then Franchisor shall have the right to collect this tax from Franchisee.

4.4 **Marketing Contributions**. Franchisee shall make weekly contributions for marketing, advertising and promotion to the National Marketing Fund as Franchisor may direct pursuant to Section 13.1 based on the Net Sales of the Franchised Restaurant.

4.5 **When Payments Due**. All payments required by Sections 4.3 and 4.4 above based on the Net Sales for the preceding Week, and the Sales Report required by Section 4.3 for the Net Sales for the preceding Week, shall be paid and submitted so as to be received by Franchisor by the third (3rd) business day after the close of each Week. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Section 12.2 below, at the time and in the format reasonably requested by Franchisor. Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments required under this Section. Franchisee shall execute an Authorization Agreement for Prearranged Payments in the form attached hereto as Exhibit B, and Franchisee shall comply the payment and reporting procedures specified by Franchisor in the SOP. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees and Advertising Contributions (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon Franchisee's generation and receipt of Net Sales. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the National Marketing Fund, the Cooperative Ad Fund or others. Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees or advertising contributions, nor withhold or delay submission of any reports due hereunder including but not limited to Sales Reports.

4.6 **Designated Accountants and Fees**. If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management. Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such reasonable amount as the service provider or Franchisor may periodically designate.

4.7 **Additional Payments**. Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

4.8 **Overdue Payments and Reports**. Any payment, contribution, statement, or report not actually received by Franchisor on or before such date shall be overdue. If any contribution or payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount: (i) a late payment fee in an amount equal to five percent (5%) of the overdue amount, and (ii) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

4.9 **No Subordination**. Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalties and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

5. SITE, CONSTRUCTION AND OPENING OF BUSINESS

5.1 **Identifying and Securing Sites**. If this Agreement has been executed pursuant to the terms of an Area Development Agreement between Franchisee (as Area Developer) and Franchisor, then the site for the Franchised Restaurant has been approved in accordance thereunder and is identified on Exhibit A hereto. If this Agreement has not been executed pursuant to the terms of such an Area Development Agreement, then the following shall apply:

5.1.1 Franchisee (or, if required by Franchisor, Franchisor's designated real estate services provider) shall submit to Franchisor, in a form specified by Franchisor, a completed Site Approval Package (the "**Site Approval Package**"), which shall include a site approval form prescribed by Franchisor, an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Franchisee's favorable prospects for obtaining such site, photographs and maps of the site, demographic statistics, financial information pertaining to the estimated expenses of obtaining the site and operating the Franchised Restaurant thereon and such other information or materials as Franchisor may reasonably require. Franchisor shall have twenty (20) business days after its receipt of the Site Approval Package to approve or disapprove, in its sole discretion, the proposed site for the Franchised Restaurant. Franchisor's site approval may be subject to certain conditions, such as modifications to proposed lease terms and requirements regarding financing arrangements. Franchisor may require the real estate services provider retained by Franchisee to review and approve the information set forth in the Site Approval Package prior to submission to Franchisor. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said twenty (20) business day period, such site shall be deemed not approved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

5.1.2 Within sixty (60) business days of Franchisor's approval of a proposed site by Franchisor, Franchisee shall use its best efforts to secure such site, either through a lease, sublease or binding purchase agreement that is acceptable to Franchisor as provided below. Franchisee shall immediately notify Franchisor of the execution of the approved lease, sublease or binding purchase agreement. The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" on Exhibit A attached hereto.

5.1.3 If Franchisee will occupy the premises under a lease or sublease agreement, Franchisee shall, prior to execution thereof, submit it to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Franchisee may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not subsequently approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation, the terms and conditions set forth by Franchisor in the SOP or otherwise in writing from time to time, a current list of which is included in Exhibit G to this Agreement. Franchisor may also require that Franchisee and its landlord execute the form of Conditional Lease Assignment set forth on Exhibit H to this Agreement.

5.1.4 Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Restaurant or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of

a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational results.

5.1.5 Unless delayed by the occurrence of events constituting "force majeure" as defined in Section 5.3 below, Franchisee shall open the Franchised Restaurant in accordance with this Agreement by the earlier of twelve (12) months following the execution of this Agreement or six (6) months after the Approved Location is identified. Time is of the essence with regard to the required opening date. Franchisee shall comply with all other pre-opening requirements, conditions and procedures (including, without limitation, those regarding pre-opening scheduling and communications) established by Franchisor, as set forth in this Agreement, the SOP, or other written directive of Franchisor. Franchisee may not open the Franchised Restaurant to the general public without Franchisor's written approval, which must be obtained at least thirty (30) days prior to opening the Franchised Restaurant.

5.2 **Preparing a Location.** Before commencing construction of the Franchised Restaurant, Franchisee, at its expense, shall comply with all of the following requirements:

5.2.1 Franchisee shall directly employ the qualified, licensed architect approved by Franchisor to prepare, subject to Franchisor's approval, preliminary plans and specifications for site improvement and/or construction of the Franchised Restaurant based upon prototype plans and/or specifications furnished by Franchisor to said architect, as described in Section 3.1 above. Franchisee shall be solely responsible for payments for all design and architecture services. Franchisee acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor retained by Franchisee.

5.2.2 Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Restaurant. In the event Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five days after receipt thereof.

5.2.3 Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances, or regulations or that may be necessary or advisable owing to any restrictive covenants relating to the Approved Location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's design standards for Newk's Restaurants, including such items as trade dress, presentation of Proprietary Marks, and the providing to the potential customer of certain products and services that are central to the functioning of Newk's Restaurants. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Franchised Restaurant until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction. Prior to opening the Franchised Restaurant and prior to renovating the Franchised Restaurant after its initial opening, Franchisee shall execute an ADA Certification in the form attached hereto as Exhibit C

that certifies in writing to Franchisor that the Franchised Restaurant and any proposed renovations comply with the ADA.

5.2.4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Restaurant and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

5,2,5 Franchisee shall employ a qualified licensed general contractor who is acceptable to Franchisor to construct the Franchised Restaurant and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Section 14 below. If this Agreement is for Franchisee's first Franchised Restaurant in the System, Franchisor may require Franchisee to retain the services of a third-party professional construction manager to oversee construction. Such construction manager must be approved by Franchisor and must be independent of the general contractor who has been selected to build the Franchised Restaurant.

5.2.6 Throughout the construction process, Franchisee shall comply with Franchisor's requirements and procedures for periodic inspections of the Premises, and shall fully cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request.

5.3 **Force Majeure**. As used in this Agreement, "**force majeure**" means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Franchisee; provided, however, force majeure shall not include Franchisee's lack of adequate financing.

6. TRAINING

6.1 **Initial Manager Training and Attendees**. Before opening the Franchised Restaurant, Franchisee shall have satisfied all training obligations required by Franchisor, which are as follows:

6.1.1 Franchisee (or, if Franchisee is an entity, the Designated Principal (defined in Section 8.3 below)) shall attend and successfully complete, to Franchisor's satisfaction, the Initial Manager Training Program then offered by Franchisor at the locations designated by Franchisor. The Initial Manager Training Program shall be conducted in accordance with the Franchisor's then-current policies and procedures set forth in the SOP and otherwise and may be modified from time to time. In addition, the General Manager (as hereinafter defined) and the requisite number of additional managers designated by Franchisor shall attend and successfully complete, to Franchisor's satisfaction, the Initial Manager Training program offered by Franchisor at locations designated by Franchisor. General Managers shall be required to receive additional instruction during the Initial Training Program. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the Initial Manager Training program.

6.1.2 If Franchisee is other than an individual, Franchisor may additionally require that any or all owners of beneficial interests in Franchisee (each a "**Principal**"), who are individuals and own at least a ten percent (10%) beneficial interests in Franchisee, attend and successfully complete, to Franchisor's satisfaction, such portions of the Initial Manager Training program that are determined by Franchisor appropriate for Principals not involved in the day-to-day operations of the Franchised Restaurant.

6.1.3 Franchisee must satisfy all pre-opening training requirements under this Section 6.1 by no later than fifteen (15) days prior to the scheduled opening of the Franchised Restaurant. Franchisee shall not open the Franchised Restaurant without the consent of Franchisor.

6.1.4 If this Agreement is for the third or subsequent Franchised Restaurant to be operated by Franchisee and its affiliates, Franchisee shall designate a Multi-Unit Manager. The Multi-Unit Manager, who must be approved by Franchisor and meet Franchisor's then-current qualifications set forth in the SOP and otherwise, shall devote full-time and reasonable efforts to supervising the operations of the Franchised Restaurant and those other Franchised Restaurants operated by Franchisee and shall not engage in any other business or activity that requires substantial management responsibility. The Multi-Unit Manager shall have successfully completed the Initial Manager Training Program (including any additional instruction required of General Managers) and any additional training for Multi-Unit Managers required by Franchisor.

6.2 **New or Replacement Designated Principal, Multi-Unit Manager and Managers**. The Franchised Restaurant must employ at all times one General Manager and such minimum number of additional managers as Franchisor requires from time to time. In the event that Franchisee's Designated Principal, any required Multi-Unit Manager, General Manager or any other manager cease active employment in the Franchised Restaurant, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly following cessation of employment of said individual. Such persons shall complete the Initial Manager Training program and any other training required by Franchisor as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the SOP and otherwise. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the Initial Manager Training program and any other training offered by Franchisor at a location designated by Franchisor.

6.3 **Refresher Training**. Franchisor may also require that Franchisee's Designated Principal, any Multi-Unit Manager, General Manager and any other manager attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time, provided that such training shall not exceed seven (7) days per person each year, and attendance for up to three (3) days per person each year at conventions, if any, conducted for Franchisor's franchisees.

6.4 **Training Costs**. The cost of all training (instruction) shall be borne by Franchisor, except as provided in Section 6.6 below. All other expenses incurred in connection with training, including without limitation the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

6.5 **Location of Training**. All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided at Franchisor's headquarters and/or such other locations as Franchisor may designate.

6.6 **Additional On-site Training**. If Franchisee requests that Franchisor provide additional on-site training or that any other training programs offered or required by Franchisor be conducted for Franchisee at the Franchised Restaurant, and Franchisor agrees to do so in its sole discretion, then Franchisee agrees that it shall pay, on demand from Franchisor, Franchisor's then-current per diem charges and out-of-pocket expenses, which shall be as set forth in the SOP or otherwise in writing.

7. **TECHNOLOGY**

7.1 **Computer Systems and Required Software**. The following terms and conditions shall apply with respect to the Computer System and Required Software:

7.1.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Newk's Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Newk's Restaurants, between or among Newk's Restaurants, and between and among the Franchised Restaurant and Franchisor and/or Franchisee; (b) Point of Sale Systems (as hereinafter defined); (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "**Computer System**"). Franchisor may require Franchisee to enter into agreements with, and pay reasonable fees to, Franchisor, Franchisor's affiliates, or approved suppliers for the Required Software, the Computer System or other related programs.

7.1.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

7.1.3 Franchisee shall record all sales on computer-based point of sale systems approved by Franchisor or on such other types of point of sale systems as may be designated by Franchisor in the SOP or otherwise in writing ("**Point of Sale Systems**"), which shall be deemed part of the Franchisee's Computer System.

7.1.4 Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "**Computer Upgrades**").

7.1.5 Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor.

7.1.6 Franchisor may charge Franchisee a reasonable fee for modifications and enhancements related to the Computer System (including any proprietary software that Franchisor licenses to Franchisee) and for other maintenance and support services that Franchisor or its affiliates furnish to Franchisee related to the Computer System (including Franchisor's costs and administrative expenses related to procuring, providing or developing the services and integrating such services with the Computer System).

7.2 **Data**. Franchisor may, from time-to-time, specify in the SOP or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Restaurant, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Restaurant, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the

Franchised Restaurant's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

7.3 **Privacy; PCI-DSS; Network Security**. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law. Franchisee shall ensure, at its sole cost, timely compliance with (a) the most recent Payment Card Industry Data Security Standards ("PCI-DSS") enacted by the card associations (as they may be modified from time to time), (b) the Fair and Accurate Credit Transactions Act, and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by governmental authorities and/or payment card companies that are applicable to electronic payments, including completing required assessments by the credit card associations, performing quarterly network scans and possible on-site audits. Upon request, Franchisee shall provide Franchisor with copies of all such compliance documentation. Franchisee must comply with Franchisor's SOP, standards and policies regarding privacy compliance, network security and data safeguards (including anti-virus software), as may be updated from time to time. Franchisee shall notify Franchisor immediately of any known or suspected breaches of data or information security in connection with the Franchised Restaurant.

7.4 **Telecommunications**. Franchisee shall comply with Franchisor's requirements (as set forth in the SOP or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

7.5 **Extranet**. Franchisor may establish a website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "**Extranet**"). Franchisee shall comply with Franchisor's requirements (as set forth in the SOP or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of the Franchised Restaurant. The Extranet may include, without limitation, the SOP, training other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

7.6 **Websites**. As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

7.6.1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Products, Newk's Restaurants, the franchising of Newk's Restaurants, and/or the System. Franchisor shall have the

sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor shall also have the right to discontinue operation of the website.

7.6.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Restaurant, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such webpages; and Franchisor's shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage.

7.6.3 Franchisee shall not establish a separate Website related to the Proprietary Marks or the System, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 13 below.

7.6.4 Franchisor shall have the right to modify the provisions of this Section 7 relating to Websites as Franchisor shall solely determine is necessary or appropriate.

7.7 **Online Use of Marks**. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee acknowledges and agrees that it is strictly prohibited from promoting the Franchised Restaurant and/or using the Proprietary Marks in any manner on any social or networking Websites, including, but not limited to, Facebook, Instagram, LinkedIn, and Twitter, without Franchisor's prior written consent. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written consent as to Franchisee's plan for transmitting such advertisements. Franchisee agrees to comply with Franchisor's social media policy, as such policy may be amended from time to time and as set forth in the SOP.

7.8 **No Outsourcing without Prior Written Approval**. Franchisee shall not hire third party or outside vendors to perform, or otherwise delegate to any other person or entity, any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval therefor, which may be withheld by Franchisor in its sole discretion. Franchisor's approval of any proposed vendor, person or entity may be conditioned upon, among other things, its entry into a confidentiality agreement that is satisfactory to Franchisor.

7.9 **Changes to Technology**. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 7 were periodically revised by Franchisor for that purpose.

8. OTHER DUTIES OF FRANCHISEE

8.1 **Details of Operation**. Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop

and maintain high operating, quality and service standards, to increase the demand for the Products sold by all operators, to protect Newk's Restaurants operating under the System, and to protect the reputation and goodwill of Franchisor.

8.2 **Comply with this Agreement, including the SOP**. Franchisee shall operate the Franchised Restaurant in strict conformity with this Agreement and such standards and specifications as Franchisor may from time to time prescribe in the SOP or otherwise in writing, and shall refrain from deviating from such standards, specifications, and procedures without the prior written consent of Franchisor. Franchisee acknowledges and agrees that such standards, specifications and procedures include, without limitation, the use of specific, approved suppliers designated by Franchisor.

8.3 **Management of Business & Designated Principal**. If Franchisee is other than an individual, prior to beginning training, Franchisee shall comply with the following:

. 8.3.1 Franchisee shall designate, subject to Franchisor's reasonable approval, one individual Principal who shall be responsible for general oversight and management of the operations of the Franchised Restaurant on behalf of Franchisee (the "**Designated Principal**"). The Designated Principal shall (i) own at least a ten percent (10%) beneficial interest in Franchisee and (ii) have, in Franchisor's reasonable discretion, satisfactory prior restaurant operations experience. In the event the Designated Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Restaurant, Franchisee shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval. The Designated Principal (and all replacement Designated Principals) shall attend and successfully complete, to Franchisor's satisfaction, the Initial Manager Training program offered by Franchisor at a location designated by Franchisor as set forth in Section 6.1.1.

8.3.2. Franchisee shall inform Franchisor in writing whether Franchisee (or, if Franchisee is other than an individual, the Designated Principal) will assume full-time responsibility for the daily supervision and operation of the Franchised Restaurant. If not, Franchisee shall employ a full-time unit manager (the "**General Manager**") whose qualifications shall be reasonably acceptable to Franchisor (including, but not limited to, the requirement that such individual possess sufficient experience in the management of a business) to assume full-time responsibility for the daily supervision and operation of the Franchised Restaurant.

8.3.3 Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon either or both the Designated Principal or General Manager to have been given by Franchisee the responsibility and decision-making authority regarding the Franchised Restaurant's operation and Franchisee's business.

8.4 **Staffing**. Franchisee agrees to maintain a competent, conscientious, staff (who are trained by Franchisee to Franchisor's standards and requirements) in numbers sufficient to promptly service customers and to take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; comply with such uniforms and/or dress code as Franchisor may prescribe; and meet such minimum standards as Franchisor may establish from time to time in the SOP. In no way limiting the foregoing, Franchisee shall have on employ and have on duty at all times the requisite number of managers (and/or hourly employees trained in management activities) set forth in the SOP and otherwise in writing, who has completed all training and certifications required by Franchisor. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Restaurant, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees, and, without limiting the generality

of the indemnity provisions contained in this Agreement, shall indemnify, defend and hold harmless Franchisor and its affiliates against any damages it may incur in connection with such matters.

8.5 **Use of Premises**. Franchisee shall use the Premises solely for the operation of the Franchised Restaurant; shall keep the Franchised Restaurant open and in normal operation for such minimum hours and days as Franchisor may specify; and shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor. As described in Section 1.3 herein, Franchisee may engage in off-Premises sales activities, provided that such activities shall be conducted only in accordance with the requirements of this Agreement, applicable laws, the procedures, programs, policies, terms and conditions set forth in the SOP or as otherwise established by Franchisor from time to time (which policies may include, without limitation, guidelines and requirements relating to approval and/or designation of required TPDS, permitted delivery areas, insurance coverage and vehicle use in such activities).

8.6 **Conformity to Standards**. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the SOP or otherwise in writing. Without limitation, Franchisee agrees as follows:

8.6.1 Franchisee shall purchase and install prior to the opening of the Franchised Restaurant, and thereafter maintain, all fixtures, furnishings, equipment, decor, and signs, and maintain in sufficient supply supplies and materials, as Franchisor may prescribe in the SOP or otherwise in writing. Franchisee shall refrain from deviating therefrom by the use of any unapproved item without the prior written consent of Franchisor.

8.6.2 Franchisee shall offer and sell only Products that Franchisor specifies from time to time, unless otherwise approved in writing by Franchisor; and Franchisee shall offer and sell all Products as Franchisor may specify from time to time as required offerings at the Franchised Restaurant. Franchisee shall offer and sell the Products utilizing the ingredients and employing the preparation standards and techniques, as specified by Franchisor. Franchisee is prohibited from offering or selling any products or services at or from the Franchised Restaurant that have not previously been authorized by Franchisor, and shall discontinue selling and offering for sale any Products which Franchisor shall have the right to disapprove, in writing, at any time. If Franchisee wishes to offer or sell any products or services that have not previously been authorized by Franchisor, Franchisee must first make a written request to Franchisor, requesting authorization to offer or sell such products or services in accordance with Section 8.7 below. Franchisor may deny such approval for any reason.

8.6.3 Franchisee shall permit Franchisor or its agents, at any reasonable time, to remove samples of Products, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications.

8.6.4 Franchisee shall be required to sell, offer to sell, or permit any other party to sell or offer to sell beer, wine, or any form of liquor, ("**Alcoholic Beverages**"). Franchisee acknowledges and agrees that Alcoholic Beverages are required Products and shall offer and sell Alcoholic Beverages at the Franchised Restaurant, and Franchisee shall: (i) be solely responsible for complying with all with all laws and regulations relating to alcohol and alcohol service or preparation; (ii) shall comply with Franchisor's standards, specifications and terms of Franchisor regarding the offer, sale, and presentation of Alcoholic

Beverage, as approved Products, and shall obtain and maintain such additional insurance coverage as Franchisor may require pursuant to Section 14 of this Agreement.

8.6.5 Franchisor may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Franchisor or affiliate-owned and/or franchised Newk's Restaurants. Franchisee agrees that the Franchised Restaurant will participate in such mystery shopper program, as prescribed and required by Franchisor, provided that Franchisor-owned, affiliate-owned, and franchised Newk's Restaurants also will participate in such program to the extent Franchisor has the right to require such participation. Franchisor shall have the right to require Franchisee to pay the then-current charges imposed by such evaluation service with respect to inspections of the Franchised Restaurant, and Franchisee agrees that it shall promptly pay such charges; provided, however, that such charges shall not exceed Five Hundred Dollars ($500) during each year of this Agreement.

8.6.6 Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discount or complimentary Products, provided that such discounted or complimentary sales shall not be included in the Net Sales of the Franchised Restaurant. Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

8.7 **Purchases and Approved Suppliers**. Franchisee shall purchase all equipment, fixtures, furnishings, signs, décor, supplies, services, and products (including the Products) required for the establishment and operation of the Franchised Restaurant from suppliers designated or approved in writing by Franchisor (as used in this Section 8.7 the term "supplier" shall include manufacturers, distributors and other forms of suppliers). In determining whether it will approve any particular supplier, Franchisor shall consider various factors, including but not limited to whether the supplier can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; whose approval would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and have not thereafter been disapproved. Franchisor reserves the right to designate, at any time and for any reason, a single supplier for any equipment, supplies, services, or products (including any Products) and to require Franchisee to purchase exclusively from such designated supplier, which exclusive designated supplier may be Franchisor or an affiliate of Franchisor.

8.7.1 Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements for Proprietary Products (which may include, but are not limited to dressings, sauces, baking ingredients) from Franchisor's designees, as set forth in Section 8.8 below (through such distributor or distributors as Franchisor may designate). Franchisor shall have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time.

8.7.2 If Franchisee desires to purchase any Products (except for Proprietary Products) or other items, equipment, supplies, services from suppliers other than those previously designated or approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization to purchase such items. Franchisee shall not purchase from any supplier until, and unless, such supplier has been approved in writing by Franchisor. Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers. Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or supplier's facilities, and that samples from the proposed supplier, or of the proposed items, be delivered for evaluation and

testing either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continued approval of such supplier. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that Franchisor may render to such suppliers.

8.7.3 Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, Products and/or cease to purchase from any disapproved supplier.

8.7.4 Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential.

8.7.5 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Newk's Restaurants with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Newk's Restaurants. In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all Products and other products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System or the franchised network of Newk's Restaurants. Franchisor shall have unlimited discretion to approve or disapprove of the suppliers who may be permitted to sell Products to Franchisee.

8.7.6 Franchisor and its affiliates may receive payments or other compensation from suppliers on account of such suppliers' dealings with Franchisee and other franchisees; and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate.

8.8 **Proprietary Products**. Franchisee acknowledges and agrees that the Proprietary Products offered and sold at Newk's Restaurants are manufactured in accordance with secret blends, standards, and specifications of Franchisor and/or Franchisor's affiliates, and are Proprietary Products of Franchisor and/or its affiliates. In order to maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Newk's Restaurants in the System, Franchisee agrees to purchase Proprietary Products only from Franchisor, or its designees, and not to offer or sell any other items not approved by Franchisor at or from the Franchised Restaurant. In connection with the handling, storage, transport and delivery of any Proprietary Products purchased from Franchisor, its affiliates or designees, Franchisee acknowledges that any action or inaction by any third party (e.g., an independent carrier) in connection with the handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor constitute negligence of Franchisor. A request shall not be approved unless and until Franchisee receives written approval from Franchisor.

8.9 **Inspections**. Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time during normal business hours for the purpose of conducting inspections of the Premises and the operations, of Franchisee. Franchisee shall cooperate with representatives of the standards of in such

inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting other rights of Franchisor under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee the actual expenses of Franchisor in so acting, which shall be payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

8.10 **Trademarked Items**. Franchisee shall ensure that all advertising and promotional materials, signs, decorations, paper goods (including wrapping and containers for products, napkins, menus and all forms and stationery used in the Franchised Restaurant), Products, and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor. Franchisee shall place and illuminate all signs in accordance with Franchisor's specifications.

8.11 **Participation in Promotions**. Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the SOP or otherwise in writing, except in a manner prohibited by applicable law. In no way limiting the foregoing, Franchisee agrees that if required by Franchisor:

8.11.1 Franchisee shall participate in all programs and services for frequent customers, senior citizens, children, and other categories, which may include providing discount or complimentary Products.

8.11.2 Franchisee shall sell or otherwise issue gift cards or certificates and reward cards (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the SOP or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Newk's Restaurant. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the SOP or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Newk's Restaurants and for making timely payment to Franchisor, other operators of Newk's Restaurants, or a third-party service provider for Gift Cards issued from the Franchised Restaurant that are honored by Franchisor or other Newk's Restaurant operators. In addition, Franchisee must at its own expense fully participate in loyalty programs, credit card programs, customer tracking programs, electronic incentive programs, reward programs, and other types of programs that Franchisor develops or designates to support and promote the System in accordance with the SOP. Franchisee must, at its own expense, promptly install any necessary hardware and software, obtain any related services and supplies designated by Franchisor, and pay all fees charged by Franchisor, its affiliates, or Franchisor's approved suppliers. Such programs may use aspects of the Computer System.

8.11.3 Franchisee shall accept all other forms of payment specified by the Franchisor in the SOP or otherwise in writing.

8.12 **Health /Standards**. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Restaurant under the SOP and applicable health ordinances. Franchisee shall also comply with the requirements set forth in the SOP for submitting to Franchisor a copy of a violation or citation relating to Franchisee's failure to maintain any health or safety standards in the operation of the Franchised Restaurant.

8.13 **Maintenance of Premises**. Franchisee shall maintain the Franchised Restaurant and the Premises in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such repairs and replacements thereto (but no others without prior written consent of Franchisor) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct.

8.14 **Ongoing Upgrades and Refurbishments**. As set forth in Section 8.6.1, throughout the term of this Agreement, Franchisee shall maintain all fixtures, furnishings, equipment, decor, and signs as Franchisor may prescribe from time to time in the SOP or otherwise in writing. Franchisee shall make such changes, upgrades, refurbishment, and replacements of such items as Franchisor may periodically require, in the time frames specified by Franchisor.

8.15 **Five-Year Remodeling and Renovations**. At the request of Franchisor, but not more often than once every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall remodel, redecorate and refurnish the Premises, at its expense, to reflect the then-current image of Newk's Restaurants which Franchisor prescribes and requires of new franchisees, including without limitation the restaurant design, trade dress, color schemes, and presentation of the Proprietary Marks. Such remodeling may include structural changes, installation of new equipment and signs, and modifications to existing improvements, and shall be completed pursuant to such standards, specifications and deadlines as Franchisor may specify.

8.16 **Compliance with Lease**. Franchisee shall comply with all terms of its lease or sublease, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Restaurant; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises.

8.17 **Obligations to Third Parties**. Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees and other creditors promptly as the debts and obligations to such persons become due, and failure to do so shall constitute a breach of this Agreement.

8.18 **Notice of Legal Actions**. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Restaurant, (ii) may adversely affect the operation or financial condition of the Franchised Restaurant, or (iii) may adversely affect Franchisee's financial condition.

8.19 **No Relocation**. Franchisee shall not relocate the Franchised Restaurant from the Approved Location without the prior written approval of Franchisor. If Franchisee desires to relocate the Franchised Restaurant, the following terms and conditions shall apply:

8.19.1 Franchisee shall submit such materials and information as Franchisor may request for the evaluation of the requested plan of relocation. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval for relocation: (i) Franchisee not be in default under any provision of this Agreement, or any other agreement between Franchisee and Franchisor; (ii) the proposed substitute location meets Franchisor's then-current standards for Newk's Restaurants; (iii) the lease (if applicable) for the proposed substitute location must comply with Franchisor's then-current lease requirements for Newk's Restaurants (which may include the requirement that the lease contain certain terms and conditions, which be different than, or in addition to, those terms Franchisor required as of the

Effective Date with respect to the Approved Location), and Franchisee must obtain Franchisor's approval of the proposed lease; (iv) Franchisee must possess the financial resources to meet the costs associated with relocating; (v) Franchisee enter into Franchisor then-current form of Franchise Agreement (which shall replace this Agreement); and (vi) Franchisee shall pay to Franchisor a relocation fee of Two Thousand Five Hundred Dollars ($2,500).

8.19.2 If, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have forty five (45) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld and, in such event, the relocation fee described in Section 8.19.1 above shall not apply.

8.20 **Franchisee Advisory Councils**. If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter "**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to franchised Newk's Restaurants, Franchisee shall become a member of the Advisory Council. In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing.

8.21 **Changes to the System**. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System, as Franchisor deems appropriate including, without limitation, to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Newk's Restaurants. Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, equipment and furnishings and new techniques and methodologies, and (as described in Section 9 below) additional or substitute trademarks, service marks and copyrighted materials. At its expense, Franchisee shall, upon reasonable notice from Franchisor and in accordance with the time periods requested by Franchisor, accept, implement, use and display in the operation of the Franchised Restaurant any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Newk's Restaurant or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder.

8.22 **Modifications Proposed by Franchisee**. Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor.

9. **PROPRIETARY MARKS**

9.1 **Ownership**. Franchisor represents with respect to the Proprietary Marks that:

9.1.1 Franchisor or its affiliate is the owner of all right, title, and interest in and to the Proprietary Marks.

9.1.2 Franchisor will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Proprietary Marks.

9.2 **License to Franchisee**. Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor.

9.3 **Terms of Franchisee's Usage**. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees to:

9.3.1 Use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor;

9.3.2 Franchisee shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved advertising for the business conducted at or from that location;

9.3.3 Operate and advertise the Franchised Restaurant only under the name "Newk's" and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor;

9.3.4 Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium. Franchisee may, as necessary to conduct the business of the Franchised Restaurant and to obtain governmental licenses and permits for the Franchised Restaurant, indicate that Franchisee shall be operating the Franchised Restaurant under the trade name "Newk's" provided that Franchisee shall also clearly identify itself as the owner and operator of the Franchised Restaurant;

9.3.5 Identify itself as the owner of the Franchised Restaurant (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the Premises as Franchisor may designate in writing;

9.3.6 Not to use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

9.3.7 Execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and

9.3.8 Promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, the right of Franchisor to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative

proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

9.4 **Franchisee Acknowledgments**. Franchisee expressly understands and acknowledges that:

9.4.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and that Franchisor has the sole right to use, and license others to use, the Proprietary Marks;

9.4.2 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks;

9.4.3 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

9.4.4 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

9.4.5 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling the Products; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

9.4.6 Franchisor shall have the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at the sole discretion of Franchisor. Franchisee shall be responsible for all costs and expenses associated therewith.

10. STANDARD OPERATING PROCEDURES

10.1 **Standard Operating Procedures and Furnishings to Franchisee**. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Restaurant in accordance with the standards, methods, policies, and

procedures specified in the SOP, which Franchisee shall receive on loan from Franchisor, via electronic access or otherwise, for the term of this Agreement upon completion by Franchisee of Franchisor's required training. The SOP may be set forth in several volumes, including such amendments thereto, as Franchisor may publish from time to time. Additionally, Franchisee acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the SOP, and other instructional information and materials in, or via, electronic media, including without limitation, through the use of computer disks, or the Internet.

10.2 **The Standard Operating Procedures are Proprietary and Confidential**. Franchisee shall treat the SOP, any other materials created for or approved for use in the operation of the Franchised Restaurant, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

10.3 **The Standard Operating Procedures Remain Franchisor's Property**. The SOP shall remain the sole property of Franchisor and shall be accessible only from a secure place on the Premises, and shall be returned to Franchisor, as set forth in Section 17.8 below, upon the termination or expiration of this Agreement.

10.4 **Revisions to the Standard Operating Procedures**. Franchisor may from time to time revise the contents of the SOP, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall ensure that the SOP is kept current at all times. In the event of any dispute as to the contents of the SOP, the terms of the master copies maintained at the home office of Franchisor shall be controlling.

11. CONFIDENTIAL INFORMATION

11.1 **Agreement with respect to Confidentiality**. Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, the Products and/or the marketing, management or operations of the Franchised Restaurant that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Restaurant. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others. Such Principals and executives as Franchisor may request shall execute a Confidentiality and Non-competition Agreement in the form attached hereto as Exhibit D-1.

11.2 **Individual Covenants of Confidentiality**. Franchisee shall require its managers and any personnel having access to any confidential information of Franchisor to execute a Confidentiality Agreement in the form attached hereto as Exhibit D-2.

11.3 **Remedies for Breach**. Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.4 **Grantback**. Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Franchised Restaurant. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques in all restaurant businesses operated by Franchisor or its affiliates, franchisees and designees. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

12. ACCOUNTING AND RECORDS

12.1 **Books and Records**. With respect to the operation and financial condition of the Franchised Restaurant, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the SOP or otherwise in writing. Franchisee shall maintain for a period of not less than seven (7) years during the term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the SOP or otherwise in writing, including but not limited to: (i) daily transaction reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements and weekly payroll journal and schedule; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns; (vi) supplier's invoices (paid and unpaid); (vii) dated daily and weekly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; (ix) such other records as Franchisor may from time to time request.

12.2 **Franchisee's Reports to Franchisor**. In addition to the Sales Reports required pursuant to Section 4.3 above, Franchisee shall:

12.2.1 For each accounting period designated by Franchisor, prepare by the third (3rd) week of the subsequent period a balance sheet and profit and loss statement for the last preceding period, which shall be in the form prescribed by Franchisor. Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request.

12.2.2 Submit to Franchisor by April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis in accordance with U.S. generally accepted accounting principles ("**GAAP**"), including but not limited to all adjustments necessary for fair presentation of the financial statements. Franchisee shall certify such financial statements to be true and correct. Additionally, Franchisor reserves the right to require Franchisee to prepare (or cause to be prepared) and provide to Franchisor annual financial statements, (that includes a fiscal year-end balance sheet, an income statement of the Franchised Restaurant for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), and to require that such statements be prepared on a review basis by an independent certified public accountant (who Franchisor may require to be retained in accordance with Section 4.6). Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP.

12.2.3 Franchisee shall maintain its books and records, and provide all statements and reports to Franchisor, using the standard statements, templates, categories, and chart of accounts that Franchisor provides to Franchisee.

12.2.4 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the SOP or as Franchisor shall otherwise require in writing from time to time (including without limitation the requirement that Franchisee provide or make available to Franchisor certain sales and financial information in electronic format and/or by electronic means), except such records shall not include records or information relating to Franchisee's employees, as Franchisee controls exclusively its employee and labor relations and practices. Such other reports may include any and all sales and other information for any transaction with a TPDS. If requested by Franchisor, Franchisee shall use reasonable efforts to cause any TPDS to deliver such information directly to Franchisor.

12.3 **Inspection and Audit**. Franchisor and its agents shall have the right at all reasonable times to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any contributions or payments have been understated in any statement or report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any statement or report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

13. MARKETING AND PROMOTION

13.1 **Franchisee's Marketing and Advertising Obligations**. Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Franchisor agree as follows:

13.1.1 Franchisor reserves the right to require that Franchisee spend monies on advertising and promotion of the Franchised Restaurant, which, in the aggregate, are not greater than three percent (3%) of Franchisee's Net Sales (together, the "**Marketing Obligation**"); provided, however, that the Marketing Obligation may exceed such amount under the circumstances set forth in Section 13.1.4 below. Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisee understands and acknowledges that its total advertising expenditures, including the National Marketing Fund contributions, local advertising and promotion and contributions to a Cooperative Ad Fund, as described in this Section 13, will not exceed three percent (3%) of Net Sales, but Franchisee acknowledges that Franchisor has the right to (a) determine the amount of Franchisee's total Marketing Obligation and the allocations thereof, and (b) upon sixty (60) days' advance written notice to

Franchisee, to modify how Franchisee's Marketing Obligation is allocated or to modify Franchisee's Marketing Obligation amount, subject to the maximum expenditure described herein.

13.1.2 As of the Effective Date and until Franchisee receives written notice from Franchisor of new allocations, Franchisee shall spend the Marketing Obligation as follows: (a) one and one-half percent (1.5%) of Net Sales shall be contributed by Franchisee to the National Marketing Fund on a weekly basis, payable at the same time and in the same manner as the Royalty Fee; and (b) and one percent (1%) of Net Sales shall be spent by Franchisee on local advertising and promotion on a monthly basis, less any amounts contributed to a Cooperative Ad Fund, if and when one is instituted in Franchisee's trading area.

13.1.3 Franchisee acknowledges and understands that the Marketing Obligation is the minimum requirement only, and that Franchisee may, and is encouraged to, expend additional funds for marketing and promotion. In addition to the Marketing Obligation, Franchisee shall undertake and complete the Grand Opening Advertising Program, as provided in Section 13.5 below.

13.1.4 Franchisee's aggregate Marketing Obligation may exceed three percent (3%) of Franchisee's Net Sales if the members of a Cooperative Ad Fund, of which Franchisee is a member, approve (by a majority vote) to set the Cooperative Ad Fund contribution at a rate that, when combined with the National Marketing Fund contributions and local advertising requirement, is greater than three percent (3%) of Net Sales.

13.2 **National Marketing Fund**. Franchisor has established a fund for system-wide marketing, sales building, advertising and promotion of the System (the "**National Marketing Fund**"). During the existence of the National Marketing Fund, Franchisee shall contribute to the National Marketing Fund in the manner specified in Section 4.4 above, such amounts as Franchisor may specify in accordance with Section 13.1 above. The National Marketing Fund shall be maintained and administered by Franchisor as follows:

13.2.1 Franchisor shall direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisor is not obligated, in administering the National Marketing Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the National Marketing Fund.

13.2.2 The National Marketing Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities including socially responsible activities, which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media marketing campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; sponsorship of organizations and events; purchasing promotional items; conducting and administering in-store promotions; and providing promotional and other marketing materials and services to the Newk's Restaurants operating under the System.

13.2.3 Franchisee shall contribute to the National Marketing Fund by separate payment made payable (or as otherwise directed for payment) to Franchisor. All sums paid by Franchisee to the National Marketing Fund shall be accounted for separately and shall not be used to defray any of the expenses of Franchisor, except for such reasonable costs, salaries and overhead, if any, as Franchisor may

incur in activities reasonably related to the direction and implementation of the National Marketing Fund and marketing programs for operators and the System, including costs of personnel for creating and implementing marketing, advertising, and promotional programs. The National Marketing Fund and any earnings from it shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the National Marketing Fund.

13.2.4 Franchisor, upon request, shall provide Franchisee with an annual accounting of National Marketing Fund receipts and disbursements.

13.2.5 Franchisor reserves the right, in its sole discretion, to discontinue the National Marketing Fund upon written notice to Franchisee.

13.2.6 Franchisor may, but is not required to, make available to Franchisee from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the National Marketing Fund. Franchisee acknowledges and agrees that it shall be reasonable for Franchisor to not provide any such materials to Franchisee during any period in which Franchisee is in not in full compliance with its obligations to contribute to the National Marketing Fund. Additionally, if monies of the National Marketing Fund are used to produce point of sale materials, or other samples or other promotional materials and items, Franchisor may, on the behalf of the National Marketing Fund, sell such items to franchisees in the System at a reasonable price, and any proceeds from the sale of such items or materials shall be contributed to the National Marketing Fund.

13.3 **Cooperative Ad Fund**. Franchisor shall have the right to designate any geographical area for purposes of establishing a regional or local market advertising fund ("**Cooperative Ad Fund**"). If a Cooperative Ad Fund is established for the geographic area in which the Franchised Restaurant is located, Franchisee shall become a member of such Cooperative Ad Fund within thirty (30) days after the date on which the Cooperative Ad Fund commences operation, or at the time the Franchisee commences operation hereunder. In no event shall Franchisee be required to be a member of more than one (1) Cooperative Ad Fund. The following provisions shall apply to each such Cooperative Ad Fund:

13.3.1 Each Cooperative Ad Fund shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by Franchisor in writing. Unless otherwise specified by Franchisor, the activities carried on by each Cooperative Ad Fund shall be decided by a majority vote of its members. Any Newk's Restaurant that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each Newk's Restaurant owner shall be entitled to cast one (1) vote for each Newk's Restaurant it owns that belongs to the Cooperative Ad Fund. Any disputes arising among or between Franchisee, other franchisees in the Cooperative Ad Fund, and/or the Cooperative Ad Fund, shall be resolved in accordance with the rules and procedures set forth in the Cooperative Ad Fund's governing documents.

13.3.2 Each Cooperative Ad Fund shall be organized for the exclusive purpose of administering regional or local advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising and promotion.

13.3.3 Franchisee shall contribute to the Cooperative Ad Fund in such amounts as Franchisor may specify pursuant to Section 13.1 above, unless the members of the Cooperative Ad Fund, by a majority vote conducted in accordance with the rules, bylaws, or other governing documents of the

Cooperative Ad Fund, agree to an increase the Cooperative Ad Fund contribution such that Franchisee's total Marketing Obligation would exceed three percent (3%) of Net Sales.

13.3.4 Franchisee shall submit its required contributions to the Cooperative Ad Fund at the time required by Franchisor, together with such statements or reports as may be required by Franchisor or by the Cooperative Ad Fund with Franchisor's prior written approval. If so requested by Franchisor in writing, Franchisee shall submit its payments and reports to the Cooperative Ad Fund directly to Franchisor for distribution to the Cooperative Ad Fund.

13.3.5 Franchisor maintains the right to terminate any Cooperative Ad Fund. A Cooperative Ad Fund shall not be terminated, however, until either: (a) all monies in that Cooperative Ad Fund have been expended for advertising and/or promotional purposes; or (b) Franchisor has transferred the unexpended monies to the National Marketing Fund in the event there are no longer any Newk's Restaurants operating within the geographic area covered by such Cooperative Ad Fund.

13.3.6 Any amounts Franchisee contributes to a Cooperative Ad Fund shall count toward Franchisee's required expenditures for local advertising and promotion, as specified pursuant to Section 13.1 above; provided, however, that if Franchisee's contributions to a Cooperative Ad Fund are less than the amount that Franchisee must expend for local advertising and promotion, Franchisee shall nevertheless be required to spend the difference locally.

13.4 **Local Advertising**. Franchisee shall comply with the following with respect to "local advertising and promotion" for the Franchised Restaurant:

13.4.1 Franchisee shall spend on an annual basis such amounts as Franchisor may specify in accordance with Section 13.1 above. Franchisee shall account for such expenditures on a routine basis and shall prepare, in accordance with the schedule and procedures specified by Franchisor from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such previous period. Franchisee shall maintain all such statements, reports and records, and shall submit same to Franchisor as Franchisor may specify in the SOP or otherwise request of Franchisee. Additionally, at the request of Franchisor, Franchisee shall submit bills, statements, invoices, or other documentation satisfactory to Franchisor to evidence Franchisee's advertising or marketing activities. Franchisor may also elect to periodically collect an amount equal to such minimum required expenditures in advance of the applicable time period and subsequently (i) disburse such payments on Franchisee's behalf to the applicable third-party providers after receipt of appropriate bills, statements, invoices or other satisfactory documentation from Franchisee or (ii) reimburse Franchisee directly for such expenditures after receipt of appropriate documentation evidencing payment thereof.

13.4.2 As used in this Agreement, the term "**local advertising and promotion**" shall refer to advertising and promotion related directly to the Franchised Restaurant, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as Franchisor, in its sole discretion, may specify. Franchisor may provide to Franchisee, in the SOP or otherwise in writing information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including, without limitation, salaries and expenses of Franchisee's employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

13.4.3 Upon written notice to Franchisee, Franchisor may require Franchisee to participate in mandatory promotions as Franchisor may develop and implement from time to time.

13.4.4 At Franchisor's request, Franchisee shall include certain language in its local advertising materials, such as "Franchises Available" and Franchisor's website address and phone number.

13.5 **Grand Opening Advertising**. In addition to the Marketing Obligation, Franchisee shall expend not less than Fifteen Thousand Dollars ($15,000) for grand opening advertising and promotional programs in conjunction with the Franchised Restaurant's initial grand opening, pursuant to a grand opening marketing plan developed by Franchisor or developed by Franchisee and approved in writing by Franchisor (the "**Grand Opening Advertising Program**"). The Grand Opening Advertising Program shall be executed and completed within ninety (90) days after the Franchised Restaurant commences operation. Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a marketing plan and samples of all advertising and promotional material not prepared or previously approved by Franchisor. For the purpose of this Agreement, the Grand Opening Advertising Program shall be considered local advertising and promotion, as provided under Section 13.4 above. Franchisor reserves the right to require Franchisee to deposit with Franchisor the funds required under this Section 13.5 to distribute as may be necessary to conduct the Grand Opening Advertising Program.

13.6 **Standards for Advertising**. All advertising, marketing and promotion to be used by Franchisee, the National Marketing Fund or any Cooperative Ad Fund shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any marketing or promotional plans or materials that are not provided by Franchisor unless and until Franchisee has submitted the materials to Franchisor, pursuant to the procedures and terms set forth in Section 13.7 herein.

13.7 **Franchisor's Approval of Proposed Plans and Materials**. If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Franchisor, Franchisee shall submit samples of all such marketing and promotional plans and materials to Franchisor for prior approval (except with respect to prices to be charged, which Franchisor may approve to the extent permitted by applicable law). If written notice of disapproval is not received by Franchisee from Franchisor within ten (10) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have approved them.

13.8 **Directory Listings**. Franchisee shall, at its expense and in addition to its expenditures for local advertising and promotion, obtain listings in the white and yellow pages of local telephone directories. Franchisee shall comply with Franchisor's specifications concerning such listings, including the form and size of such listings, and the number of directories in which such listings shall be placed. Additionally, Franchisee shall be required to obtain listings in and/or advertise with Franchisor and other franchisees in the System, on electronic yellow page directories and other on-line directories as Franchisor may designate. Franchisor reserves the right to place such, and subsequently modify or remove, on-line listings and advertisements on behalf of Franchisee. For any listings or advertisements posted by or on behalf of Franchisee, Franchisee shall promptly pay, upon demand by Franchisor, its pro-rata share of the costs. Additionally, these activities may be carried out through the use of the National Marketing Fund.

13.9 **Ownership of Advertising Plans and Materials**. Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any

advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Restaurant or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

13.10 **Promotions**. From time to time, Franchisor or co-op may establish temporary or permanent promotional campaigns (e.g., limited time offers, Gift Cards, coupons, loyalty programs, customer relationship management and other supplemental marketing programs) applicable to the System as a whole or to certain market areas. Franchisee is required to participate in these promotional programs at its own cost, including the costs to purchase, lease and install all materials and equipment necessary for such campaigns and promotional campaigns, including counter cards, posters, banners, signs, photographs, gift cards and other promotional items.

14. INSURANCE

14.1 **Insurance**. Franchisee shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, their subsidiaries and affiliates and each of their respective officers, directors, owners, agents employees, successors and assigns against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with Franchisee's operations and the Franchised Restaurant, as Franchisor may reasonably require for their own and Franchisee's protection. Franchisor, and its affiliates and each of their respective officers, directors, owners, agents employees, successors and assigns shall be named as additional insureds in such policy or policies. For purposes of this Section 14, the term "affiliate" shall include Franchisor's parents (including ultimate parents), subsidiaries and affiliates. Franchisor may designate such affiliates from time to time in writing.

14.2 **Coverages**. Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the SOP or otherwise in writing; provided, however, that Franchisor shall have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for Newk's Restaurants, and if required by Franchisor, Franchisee shall be obtain its insurance coverage from the designated insurance company (or companies). Franchisor may modify the required insurance coverages, and Franchisee shall comply with all such modifications. The policy or policies shall include, at a minimum (except as different coverages, umbrella coverages, and policy limits may reasonably be specified for all Franchisees from time to time by Franchisor in the SOP or otherwise in writing) the following:

14.2.1 Builder's risk insurance that satisfies the standards and specifications set forth by Franchisor in the SOP or otherwise in writing to cover any period(s) of renovation or construction at the Franchised Restaurant.

14.2.2 All risks coverage insurance on the Franchised Restaurant and all fixtures, equipment, supplies and other property used in the operation of the Franchised Restaurant, for full repair and replacement value of the equipment, improvements and betterments, without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted.

14.2.3 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Restaurant is located and operated. If Franchisee is permitted to and elects not to have worker's compensation insurance for its owners and officers, Franchisee shall have alternative coverages at all times for work-related injuries.

14.2.4 Comprehensive general liability insurance with limits of at least One Million Dollars ($1,000,000) per occurrence, and Two Million Dollars ($2,000,000) general aggregate, and product liability insurance with limits of at least Two Million Dollars ($2,000,000) general aggregate limit including the following coverages: personal injury (employee and contractual inclusion deleted); products/completed operation; and tenant's legal liability; insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Restaurant, provided that the required amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

14.2.5 Automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least Five Hundred Thousand Dollars ($500,000) combined single limit, and One Million Dollars ($1,000,000) general aggregate limit.

14.2.6 Liquor liability with at least One Million Dollars ($1,000,000) per occurrence.

14.2.7 Excess liability coverage over general liability, automobile liability, liquor liability and employer's liability, with at least Two Million Dollars ($2,000,000) per occurrence.

14.2.8 Such insurance and types of coverage as may be required by the terms of any lease for the Premises, or as may be required from time to time by Franchisor.

14.2.9 Business interruption insurance for actual losses sustained up to twelve (12) months.

14.2.10 Employment practices liability insurance with the coverages and policy limits to be designated by Franchisor in the SOP or otherwise in writing.

14.2.11 Cyber security insurance with the coverages and policy limits to be designated by Franchisor in the SOP or otherwise in writing.

14.3 **Certificates of Insurance**. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Prior to commencing any renovations or construction at the Franchised Restaurant, Franchisee shall provide Franchisor with a Certificate of Insurance for the builder's risk insurance required under Section 14.2.1. At least thirty (30) days prior to the opening of the Franchised Restaurant, but in no event later than the date on which Franchisee acquires an interest in the real property on which it will develop and operate the Franchised Restaurant, and thereafter on an annual basis, Franchisee shall provide Franchisor with a Certificate of Insurance showing compliance with the foregoing requirements (except with respect to the builder's risk insurance, which shall have already been in effect pursuant to Section 14.2.1 above). Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Franchisee acknowledges that minimum limits as required above may be modified by Franchisor in its sole discretion from time to time, by written notice to Franchisee.

14.4 **Franchisor's Right to Procure Insurance for Franchisee**. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such

insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15. TRANSFER OF INTEREST

15.1 **Franchisor's Rights to Transfer**. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

15.2 **No Transfers Without Franchisor's Approval**. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principals of Franchisee if Franchisee is not an individual, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly:

15.2.1 Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) the rights and/or obligations of Franchisee under this Agreement; or (b) any material asset of Franchisee or the Franchised Restaurant.

15.2.2 If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so designated by Franchisor.

15.2.3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal of Franchisee.

15.2.4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee, as such is identified in Exhibit E.

15.3 **Conditions on Transfer**. Franchisor shall not unreasonably withhold any consent required by Section 15.2 above; provided, that if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would have the effect of changing control of Franchisee, results in the assignment of the rights and obligations of Franchisee under this Agreement, or transfers the ownership interest in all or substantially all of the assets of the Franchised Restaurant or the business franchised hereunder, Franchisor shall have the right to require any or all of the following as conditions of its approval:

15.3.1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and the approved suppliers of the System have been satisfied in full;

15.3.2 Franchisee shall not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate, the approved suppliers of the System, or the lessor (or sublessor) for the Premises;

15.3.3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) shall have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees;

15.3.4 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request, shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

15.3.5 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible, and business standards, good moral character, business reputation, and credit rating); has the aptitude and ability to operate the Franchised Restaurant and absence of conflicting interests; and has adequate financial resources and capital to operate the Franchised Restaurant;

15.3.6 At Franchisor's option, Franchisee shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher and/or additional fees;

15.3.7 If so requested by Franchisor, Franchisee, at its expense, shall upgrade the Franchised Restaurant, and other equipment to conform to the then-current standards and specifications of new Newk's Restaurants then-being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor;

15.3.8 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Restaurant that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

15.3.9 The transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) and the transferee's manager (if applicable) shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers upon such terms and conditions as Franchisor may reasonably require;

15.3.10 Franchisee shall pay a transfer fee in an amount equal to fifty percent (50%) of Franchisor's then-current initial franchise fee to compensate Franchisor for its expenses incurred in connection with the transfer; and

15.3.11 The transferor(s), at the request of Franchisor, shall agree in writing to comply with the covenants set forth in Section 18 below.

15.4 **Additional Terms**. For any transfer not covered by Section 15.3, each transferee shall, in addition to the requirement of obtaining Franchisor's consent as provided in Section 15.2 , be subject to the requirements of Sections 15.3.3 and 15.3.4 above (with respect to execution of releases and personal guarantees).

15.5 **Security Interests**. Neither Franchisee nor any Principal shall grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Franchised Restaurant unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 15, and agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

15.6 **Right of First Refusal**. If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 15.6. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the *bona fide* offer.

15.6.1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 15.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed transfer.

15.6.2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Franchisor shall designate an independent appraiser to make a binding determination. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this Section 15.6, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

15.7 **Death of a Principal**. Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Franchisor within twelve (12) months after the death. If no personal representative is designated or

appointed or no probate proceedings are instituted with respect to the deceased's estate, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer the deceased's interest to a third party approved by Franchisor within twelve (12) months after the deceased's death.

15.8 **Permanent Disability of Controlling Principal**. Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six (6) months after notice to Franchisee. "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 15.8 as of the date of refusal. Franchisor shall pay the cost of the required examination.

15.9 **Notice to Franchisor of Death or Permanent Disability**. Upon the death or permanent disability any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer.

15.10 **Limited Exceptions**. Notwithstanding anything to the contrary in this Section 15:

15.10.1 Franchisee shall not be required to pay the transfer fee due under Section 15.3.10 above, if the transferee: (a) is a spouse, domestic partner, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Franchised Restaurant; (b) is a Principal of Franchisee; or (c); is a transferee under Sections 15.7 or 15.8 above.

15.10.2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, one (1) time only, the conditions of Sections 15.3.6 (signing a new franchise agreement), 15.3.7 (upgrading the Franchised Restaurant), and 15.3.10 (transfer fee) shall not apply, and Franchisee may undertake such transfer, provided that Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity, and the Franchisee personally guarantees, in a written guarantee satisfactory to Franchisor, the performance of the obligations of the Franchisee under the Franchise Agreement.

15.10.3 Franchisee shall not be required to pay the transfer fee due under Section 15.3.10 for certain transactions, provided all of the following conditions are satisfied: (1) the transfer is a transfer of an ownership interest in Franchisee of less than 10% and, after giving effect to such transfer, the original Principals of Franchisee own at least 51% of Franchisee; (2) Franchisee provides Franchisor with 30 days' prior written notice of its intent to undertake the transfer, together with documents demonstrating that the transfer meets the requirements of this Section 15.10.3; and (3) at the time of Franchisee's notice to Franchisor, Franchisee shall not be in default of this Agreement or any other agreements between Franchisee (or Franchisee's affiliates) and Franchisor.

15.11 **Securities Offerings**. All materials required for any offering of securities or partnership interests in Franchisee by federal or state law shall be submitted to Franchisor by the offeror for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be

submitted to Franchisor for review prior to their use. No offering shall imply, by use of the Proprietary Marks or otherwise, that Franchisor is participating in an underwriting, issuance, or offering of securities of either Franchisee or Franchisor; and review by Franchisor of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. At its option, Franchisor may require the offering materials to contain written statements or disclaimers prescribed by Franchisor including, but not limited to, any limitations stated above in this paragraph. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its actual costs and expenses associated with reviewing the proposed offering materials, including legal and accounting fees. Franchisee shall give Franchisor written notice at least sixty (60) days prior to the date of commencement of any offering or other transaction covered by this Section 15.11. Any such offering shall be subject to Franchisor's right of first refusal as provided in Section 15.6.

15.12 **No Waiver**. The consent of Franchisor to any transfer pursuant to this Section 15 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

15.13 **Bankruptcy**. If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 15.

15.14 **No Transfers in Violation of Law**. Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

16. DEFAULT AND TERMINATION

16.1 **Automatic Termination**. Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 **Termination Upon Notice**. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee

any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 24 hereof), upon the occurrence of any of the following events of default:

16.2.1 If Franchisee fails to complete all pre-opening obligations and to open the Franchised Restaurant within the time limits as provided in Section 5 above;

16.2.2 If Franchisee or any of its officers, directors or Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the Products, the goodwill associated therewith, or the interest of Franchisor therein;

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

16.2.4 If Franchisee's action or inaction, at any time, results in the loss of the right to possession of the Premises, or forfeiture of the right to do or transact business in the jurisdiction where the Franchised Restaurant is located;

16.2.5 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 15 hereof;

16.2.6 If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor;

16.2.7 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the SOP or other confidential information provided to Franchisee by Franchisor;

16.2.8 If Franchisee fails to comply with the covenants in Section 18.2 below or fails to timely obtain execution of the covenants required under Section 18.5 below;

16.2.9 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Restaurant in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, Products, or the rights of Franchisor therein;

16.2.10 If Franchisee, after curing a default pursuant to Sections 16.3 or 16.4 hereof, commits the same default again, whether or not cured after notice.

16.2.11 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 16.2.10 above);

16.2.12 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Restaurant for a period of three (3) consecutive days unless such closure is approved in writing by Franchisor, or excused by *force majeure*.

16.2.13 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

16.2.14 If Franchisee fails to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if Franchisee's or any of his/her owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of his/her owners otherwise violate any such law, ordinance, or regulation.

16.3 **Notice and Opportunity to Cure - 7 Days**. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least seven (7) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the seven (7) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the seven (7) day period or such longer period as applicable law may require.

16.3.1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due;

16.3.2 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records, or accounts of Franchisee upon demand; or

16.3.3 If Franchisee fails to operate the Franchisor during such days and hours specified in the SOP (this provision in no way limits Section 16.2.12).

16.4 **Notice and Opportunity to Cure -30 Days**. Except as otherwise provided in Sections 16.1, 16.2 and 16.3 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

16.5 **Cross Default**. Any default by Franchisee or any Principal under this Agreement shall constitute a default under any and all other agreements between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee), including any Area Development Agreement. In addition, any default by Franchisee, any Principal or affiliate of Franchisee under any lease, sublease, loan agreement, security agreement or other agreement relating to or affecting the Franchised Restaurant shall constitute a default hereunder which is subject to Section 16.4 of this Agreement and a default under any and all other agreements between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee), including any Area Development Agreement. In each of the foregoing cases, Franchisor (and any affiliate of Franchisor, as the case may be) will have all remedies available to it, including termination of Franchisee's rights and Franchisor's (and/or Franchisor's affiliates') obligations under any such agreement. No right or remedy which Franchisor may have (including termination of an agreement) is exclusive of any other right or remedy provided at law or in equity and Franchisor may pursue any rights and/or remedies available to it.

16.6 **Franchisor's Right to Discontinue Services to Franchisee**. If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of default pursuant to this Section 16, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor or any of its affiliates is an Approved Supplier to Franchisee and/or suspension of Franchisee's webpage on Franchisor's Website, until such time as Franchisee corrects the breach.

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and:

17.1 **Stop Operating**. Franchisee shall immediately cease to operate the Franchised Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former operator of Franchisor in connection with the promotion or operation of any other business.

17.2 **Stop Using the System**. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Mark "Newk's" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

17.3 **Cancel Assumed Names**. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Newk's" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

17.4 **The Premises**. Franchisee shall, at the option of Franchisor, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of Newk's Restaurants under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 17.4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. Additionally, if Franchisor does not elect to exercise the option to acquire the lease/sublease, Franchisee shall comply with Section 18.3 below regarding a Competitive Business (as defined in Section 18.2.2 below).

17.5 **Phone Numbers and Directory Listings**. In addition, Franchisee shall cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchised Restaurant, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Restaurant from all trade or business telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to Franchisor. Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names, websites, addresses, and any other identifiers to Franchisor upon

termination of this Agreement, without need for any further approval from Franchisee. Without limiting the foregoing, if requested by Franchisor, Franchisee shall provide, during the term or upon termination of this Agreement, written confirmation of Franchisor's rights under this Section 17.5. Franchisee agrees that it shall sign such documents and do such things (without cost to Franchisee) that may be reasonably requested by Franchisor in order to implement this Section 17.5.

17.6 **No Use of Proprietary Marks or Trade Dress in other Businesses**. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks.

17.7 **Pay Franchisor All Amounts Due**. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises at the time of default.

17.8 **Return SOP and Confidential Information**. Franchisee shall, at its own expense, immediately deliver to Franchisor the SOP and all other records, correspondence, and instructions containing confidential information relating to the operation of the Franchised Restaurant (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

17.9 **Franchisor's Option to Purchase Certain Assets**. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration (if this Agreement is not renewed pursuant to Section 2), to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Restaurant, at the lesser of Franchisee's cost or fair market value. The cost for such items shall be determined based upon a five (5) year straight-line depreciation of original costs. If Franchisor and Franchisee cannot agree on the assets' fair market value, fair market value will be determined by one (1) independent accredited appraiser upon whom Franchisor and Franchisee agree, who, in conducting the appraisal, will not include any value for the Newk's franchise, goodwill attributable to the Proprietary Marks, brand image and other intellectual property and participation in a network of Newk's Restaurants. Franchisee and Franchisor agree to select the appraiser within fifteen (15) days after Franchisor delivers its notice to purchase the assets pursuant to this Section 17.9. Franchisor and Franchisee will share equally the appraiser's fees and expenses. The appraiser must complete his or her appraisal within twenty-one (21) days after his or her appointment. The purchase price will be the appraised value. If Franchisor and Franchisee cannot agree on the appraiser, he or she will be chosen by the American Arbitration Association. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

17.10 **Comply with Covenants**. Franchisee and Principals shall comply with the covenants contained in Section 18.3 of this Agreement.

17.11 **Liquidated Damages**. In the event that Franchisor terminates this Agreement or seeks to terminate this Agreement on account of Franchisee's default or breach hereof, Franchisee agrees to pay to Franchisor within fifteen (15) days of Franchisor's request, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees Franchisee paid during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) thirty-six (36) months (being the number of months in three (3) full years), or (b) the number of months remaining on the term of this Agreement had it not been terminated, whichever is less.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee required by Section 4. Franchisee and each of its Owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than those relating to Royalty Fees under Section 4.

18. COVENANTS

18.1 **Full Time and Best Efforts**. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Designated Principal) or Franchisee's fully-trained General Manager shall devote full time and best efforts to the management and operation of the Franchised Restaurant.

18.2 **During this Agreement Term**. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

18.2.1 Divert or attempt to divert any present or prospective business or customer of any Newk's Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

18.2.2 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "**Competitive Business**" shall be a retail food business with menu offerings consisting predominantly of salads, sandwiches, or pizza offered in a casual environment. Furthermore, Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 16.2.8 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal that is subject to these covenants) engages in a Competitive

Business that would violate this Section 18.2.2 if such person was subject to the covenants of this Section 18.2.2.

18.3 **After this Agreement and After a Transfer**. Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 15 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 18.3; or (e) any or all of the foregoing.

18.3.1 Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at the Approved Location, within the Protected Area, within a radius of twenty-five (25) miles of any other Newk's restaurant located anywhere; provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor; or

18.3.2 Franchisee shall not sublease, assign, or sell Franchisee's interest in any lease, sublease, or ownership of the Premises or assets of the Franchised Restaurant to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.

18.4 **Exception for Ownership in Public Entities**. Sections 18.2.2 and 18.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

18.5 **Personal Covenants**. At the request of Franchisor, Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) and the provisions of Sections 10 and 15 of this Agreement (as modified to apply to an individual) from any or all of the following persons: (a) the Designated Principal, (b) all managers and other personnel employed by Franchisee who have received or will receive training and/or other confidential information; (c) all officers, directors, and Principals who have or will receive training or access to confidential information, or who are or may be involved in the management and operation of the Franchised Restaurant. Every covenant required by this Section 18.5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

18.6 **Covenants as Independent Clauses**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18.

18.7 **Franchisor's Right to Reduce Scope of the Covenants**. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without Franchisee's consent, effective immediately

upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 25 hereof.

18.8 **Covenants Survive Claims**. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18; provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 18.

19. CORPORATE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP FRANCHISEE

19.1 **List of Principals**. If Franchisee is a corporation, limited liability company, or partnership, each Principal of Franchisee, and the interest of each Principal in Franchisee, shall be identified in Exhibit E hereto. Franchisee shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit E upon any change, which shall be made only in compliance with Section 15 above.

19.2 **Guarantees**. Such Principals as Franchisor may request shall execute a guarantee, indemnification, and acknowledgment of Franchisee's obligations under this Agreement in the form attached hereto as Exhibit F. As set forth in Section 8.3, the Designated Principal shall at all times have at least a ten percent (10%) interest in Franchisee.

19.3 **Corporations and Limited Liability Companies**. If Franchisee is a corporation or limited liability company, Franchisee shall comply with the following requirements:

19.3.1 Franchisee shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to operating the Franchised Restaurant.

19.3.2 Franchisee shall, upon request of Franchisor, promptly furnished to Franchisor copies of Franchisee's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

19.3.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Franchisee shall conspicuously endorse upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 18.2.2 shall not apply to a publicly-held corporation.

19.4 **Partnerships and Limited Liability Partnerships.** If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee shall comply with the following requirements:

19.4.1 Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Restaurant.

19.4.2 Franchise shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

19.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

20. TAXES, PERMITS, AND INDEBTEDNESS

20.1 **Taxes**. Franchisee shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Restaurant. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

20.2 **Dispute About Taxes**. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises of the Franchised Restaurant, or any improvements thereon.

20.3 **Compliance with Laws**. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Restaurant, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

21. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 **No Fiduciary Relationship**. Franchisee is an independent contractor. Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship, nor is Franchisor the employer or joint employer of Franchisee's employees. Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Restaurant.

21.2 **Public Notice**. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Restaurant pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify.

21.3 **No Assumption of Liability**. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or Franchisor.

21.4 **Indemnification**. Franchisee shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses

(including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Restaurant and/or Franchisee's conduct under this Agreement including, without limitation, Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule, or regulation, including any allegation that Franchisor or any affiliate of Franchisor is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to its employees (notwithstanding any claims that the Indemnitees are or were negligent). Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion and at Franchisee's sole cost and expense, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Franchisee, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Franchisee's obligation hereunder.

22. APPROVALS AND WAIVERS

22.1 **Approval Requests**. Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

22.2 **Non-waiver**. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

23. WARRANTIES

23.1 **Reliance by Franchisor**. Franchisor entered into this Agreement in reliance upon the statements and information submitted to Franchisor by Franchisee in connection with this Agreement. Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct and complete in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted.

23.2 **No Legal Restrictions**. Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

23.3 **Compliance with Anti-Terrorism Laws**. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its

owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

24. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

25. ENTIRE AGREEMENT

25.1 This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

25.2 Franchisee acknowledges that it has received Franchisor's Franchise Disclosure Document and shall execute the Franchisee Disclosure Acknowledgement Statement attached hereto as Exhibit I.

26. SEVERABILITY AND CONSTRUCTION

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

26.2 **Terms Surviving this Agreement**. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), or assignment shall survive such expiration, termination.

26.3 **No Rights on Third Parties**. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such

successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

26.4 **Full Scope of Terms**. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

26.5 **The Exercise of Franchisor's Judgment.** Franchisor has the right to develop, operate, and change the System in any manner not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and Franchisor's judgment of what is in the best interests of Franchisor and its affiliates, its Franchisees generally, or the System at the time Franchisor's decision is made, without regard to whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether Franchisor's decision promotes Franchisor or its affiliates' financial or other individual interest. The parties agree that the exercise of Franchisor's right or discretion, will not be subject to limitation or review, and except as otherwise expressly provided under applicable law, Franchisor shall have not liability to Franchisee for any such decision or action.

26.6 **Captions Only for Convenience**. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

27. APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Mississippi. In the event of any conflict of law, the laws of Mississippi shall prevail, without regard to, and without giving effect to, the application of Mississippi conflict of law rules. The parties hereto hereby irrevocably consent to the jurisdiction of the federal court located in the Southern District of Mississippi, Northern Division, and agree that venue in each of such courts is proper in connection with any action or proceeding arising out of or relating to this Agreement. Nothing in this Section 27.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Mississippi or of any other state to which it would not otherwise be subject.

27.2 **Arbitration**. Franchisor and Franchisee agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Franchisee and Franchisor;

(2) Franchisor's relationship with Franchisee; or

(3) the validity of this Agreement or any other agreement between Franchisee and Franchisor;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall not have the right to move such location outside of such five (5) mile radius. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 27.5 below, award any punitive, exemplary or multiple damages against either party.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

27.3 **No Rights Exclusive of Other Rights**. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

27.4 **Waiver of Jury Trial**. Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other. Except for claims by Franchisor for monies owed, any and all other claims and actions arising out of or

relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Restaurant, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

27.5 **Waiver of Punitive Damages**. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other.

27.6 **Injunctive Relief**. Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

28. ACKNOWLEDGMENTS

28.1 **Franchisee's Responsibility for Operation of Business**. Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Restaurant, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Restaurant and the implementation and maintenance of system standards at the Franchised Restaurant.

28.2 **No Conflicting Obligations**. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

28.3 **Different Franchise Offerings to Others**. Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

29. OPERATION IN THE EVENT OF ABSENCE OR DISABILITY; STEP-IN RIGHTS

29.1 **Step-In Rights**. If Franchisor determines in its sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the franchised business which would cause harm to the franchise system and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the franchised business if, without limitation: (i) Franchisee is absent or incapacitated by reason of illness, disability or death; (ii) Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's business; or (iii) Franchisor determines that operational problems require that Franchisor operate Franchisee's business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor**,** Franchisee agrees to indemnify and hold harmless Franchisor and its representatives for all actions occurring during

the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

30. SECURITY INTEREST

30.1 **Collateral**. Franchisee grants to Franchisor a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including Franchisee's interests under all real property and personal property leases) of the Franchised Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Restaurant. All items in which a security interest is granted are referred to as the "Collateral". The Security Interest is to secure payment of the following (the "Indebtedness"): (i) all amounts due under this Agreement or otherwise by Franchisee; and (ii) all expenses incurred in connection with maintaining and preserving the Collateral and in collecting any Indebtedness.

30.2 **Additional Documents**. Franchisee will from time to time as required by Franchisor join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor.

30.3 **Franchisor's Remedies in Event of Default**. Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the Uniform Commercial Code of Mississippi (or other applicable law), Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner.

30.4 **Special Filing as Financing Statement**. This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

NEWK'S FRANCHISE COMPANY, LLC Franchisor	_____ Franchisee
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Address for Notices:	Address for Notices:
Newk's Franchise Company, LLC 2680 Crane Ridge Drive Jackson, Mississippi 39216 Telephone: (601) 982-1160 Fax: (601) 982-1161 Attn: Department of Franchising	_____ _____ _____ Telephone: _____ Fax:_____ Attn: _____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET

1. **APPROVED LOCATION**. The Approved Location for the Franchised Restaurant shall be _____ _____ (See Section 1.2).

2. **PROTECTED AREA**. The Protected Area shall be (subject to the terms of this Agreement, including but not limited to Section 1.4 of this Agreement) as follows [, and which Protected Area is reflected on the map attached to this Exhibit A]:

3. **FRANCHISE FEE**. The Franchise Fee shall be $40,000. The Franchise fee is determined and payable as follows *(check the appropriate set of boxes)*:

☐ If this Agreement is the first agreement executed by Franchisee and Franchisor relating to a Franchised Restaurant not executed pursuant to an Area Development Agreement, then $40,000 shall be paid upon execution of this Agreement; or

☐ If this Agreement is executed pursuant to an Area Development Agreement, and is:

☐ For Franchisee's first Franchised Restaurant, then $40,000 was paid upon execution of the Area Development Agreement as part of an area development fee and such amount shall be credited as full payment of Franchise Fee.

☐ For Franchisee's second or later Franchised Restaurant then $20,000 was paid as part of an area development fee and such amount shall be credited towards the Franchise Fee and $20,000 shall be paid upon the execution of this Agreement.

Initial: _____ Date: _____
FRANCHISEE

Initial: _____ Date: _____
NEWK'S FRANCHISE COMPANY, LLC

ATTACHMENT A

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT B
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

_____ (Name of Person or Legal Entity)
_____(ID Number)

The undersigned depositor ("**Depositor**") hereby authorizes Newk's Franchise Company, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") ("**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

_____	_____	
Depository	Branch	
_____	_____	_____
City	State	Zip Code
_____	_____	
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty days after Franchisor has received written notification from Franchisee of its termination.

_____
Depositor

By:_____

Name:_____

Title:_____

Date:_____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT C
ADA CERTIFICATION

Newk's Franchise Company, LLC ("**Franchisor**") and _____ ("**Franchisee**") are parties to a Franchise Agreement dated _____, for the operation of a Newk's Restaurant at the location set forth therein (the "**Franchised Restaurant**"). In accordance with the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Restaurant and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Restaurant. Franchisee acknowledges that Franchisee has relied on the information contained in this certification. Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisee and the officers, directors, and employees of Franchisee in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified parties as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

FRANCHISEE

By:_____

Name:_____

Title:_____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT D - 1
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
FOR FRANCHISEE'S PRINCIPALS AND EXECUTIVES

THIS CONFIDENTIALITY AND NON-COMPETITION AGREEMENT ("Agreement") is made on _____, 20___, by and between _____ ("**us**" "**we**" "**our**" or the "**Franchisee**"), and _____, who is a Principal, member, partner, or officer of Franchisee ("**you**" or the "**Member**").

Introduction

Newk's Franchise Company, LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for establishing, operating, and licensing casual restaurants that specialize in Franchisor's signature fresh tossed salads, oven baked sandwiches, California style pizzas and homemade cakes. These businesses use Franchisor's trade dress, System, and operate under the name "Newk's" and marks (each is referred to as a "**Newk's Restaurant**").

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Newk's Restaurant (the "**Franchised Restaurant**") under the terms and conditions of the Franchise Agreement.

In connection with your ownership and position with Franchisee, you will be trained by us, and/or you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Newk's Restaurant and the System.

Now, therefore, it is agreed that as a consideration your relationship with Franchisee and the rights granted to Franchisee under the Franchise Agreement, you acknowledge and agree that you will comply with all of the following obligations:

1. **Newk's Confidential Information**. You agree that you will not, at any time (whether during or after the term of the Franchise Agreement or the time of your relationship with Franchisee), communicate or divulge Newk's Confidential Information to any Person, and that you will not use Newk's Confidential Information for your own benefit or for the benefit of any other Person.

2. **Definitions**. As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Newk's Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Restaurant and the System that you may learn of or that otherwise becomes known to you during the term of the Franchise Agreement or the time of your relationship with Franchisee (whether or not Franchisor or we have specifically designated that information as "confidential"). Newk's Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Newk's Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor; and Newk's Confidential Information also does not include information that, at or after the time when we or Franchisor disclosed it to you, is a part of the

public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Franchisor or Franchisee).

c. The term "**Post-Term Period**" means a continuous uninterrupted period of two years from the date of: (a) a transfer permitted under Section 15 of the Franchise Agreement; (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination); (c) termination of your relationship with Franchisee for any reason; and/or (d) a final order of a court of competent jurisdiction enforcing of this Agreement.

3. Covenants Not to Compete.

a. You understand and acknowledge that due to your relationship with us, you will receive valuable specialized training and access to Newk's Confidential Information.

b. You covenant and agree that during the term of the Franchise Agreement, unless Franchisor gives you prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

i. Divert or attempt to divert any current or potential business account or customer of the Franchised Restaurant (or of any Newk's Restaurant) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise;

ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System; and/or

iii. Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, or have any interest in any business that is the same as or similar to the Franchised Restaurant.

c. You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, or have any interest in any business that is the same as or similar to the Franchised Restaurant, if that business is located (or if it is intended to be located) within the Protected Area or within a radius of twenty-five (25) miles of any other Newk's Restaurant located anywhere.

4. Legal and Equitable Remedies. You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. **Severability**. Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

6. **Delay**. No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

7. **Third-Party Beneficiary.** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, Member has read and understands the terms of this Agreement, and voluntarily signed this Agreement as of the date set forth above.

MEMBER(S):

_____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT D - 2
CONFIDENTIALITY AGREEMENT
FOR FRANCHISEE'S EMPLOYEES

THIS CONFIDENTIALITY AGREEMENT ("Agreement") is made on _____,, 20___, by and between _____ ("**us**" "**we**" "**our**" or the "**Franchisee**"), and _____, an employee of Franchisee ("**you**" or the "**Employee**").

Introduction

Newk's Franchise Company, LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for establishing, operating, and licensing casual restaurants that specialize in Franchisor's signature fresh tossed salads, oven baked sandwiches, California style pizzas and homemade cakes. These businesses use Franchisor's trade dress, System, and operate under the name "Newk's" and marks (each is referred to as a "**Newk's Restaurant**").

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Newk's Restaurant (the "**Franchised Restaurant**") under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your employment with Franchisee, you will be trained by us, and you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Newk's Restaurant and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations:

1. **Newk's Confidential Information**. You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Newk's Confidential Information to any Person, and that you will not use Newk's Confidential Information for your own benefit or for the benefit of any other Person.

2. **Definitions**. As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Newk's Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Restaurant and the System that you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not the Franchisor or we have specifically designated that information as "confidential"). Newk's Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Newk's Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor; and Newk's Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor).

3. **Legal and Equitable Remedies**. You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

4. **Severability**. Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

5. **Delay**. No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. **Third-Party Beneficiary.** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us.

IN WITNESS WHEREOF, Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement as of the date set forth above.

EMPLOYEE:

Signature:_____

Printed Name:_____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT E
LIST OF PRINCIPALS AND DESIGNATED PRINCIPAL

The following identifies all of Franchisee's Principals (as defined in Section 6.1 of the Franchise Agreement):

Name of Principal	**Address**	**Interest (%) with description**
		Total: 100%

FRANCHISEE'S DESIGNATED PRINCIPAL

The following identifies Franchisee's Designated Principal (as defined in Section 8.3 of the Franchise Agreement):

Name and Title	**Address, telephone number, and e-mail address**	**Interest (%) (with description) if any**

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT F
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Newk's Franchise Company, LLC ("**Franchisor**") to enter the Newk's Franchise Company, LLC Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____, 20___ (the "**Agreement**"), the undersigned Guarantor(s) each hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary obligations under the Agreement will be punctually paid and performed and that all monetary obligations will be punctually paid and performed. If there is more than one undersigned Guarantor, all obligations under this Guarantee shall be joint and several.

Upon demand by Franchisor, each Guarantor hereby agrees to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

Each Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein or executed in connection therewith.

Each Guarantor acknowledges and expressly agrees to be individually bound by all of the covenants contained in Sections 11, 15, 17, and 18 of the Agreement, and acknowledges and agrees that this Guarantee does not grant the undersigned any right to use the "Newk's" marks or system licensed to Franchisee under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantors will continue in full force and effect.

Each Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this guarantee provision shall be in writing and shall be personally delivered, in the manner provided under the Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance. This Guarantee shall be interpreted and construed under the laws of the State of Mississippi. In the event of any conflict of law, the laws of the State of Mississippi shall prevail (without regard to, and without giving effect to, the application of Mississippi conflict of law rules).

IN WITNESS WHEREOF, the undersigned has signed this Guarantee as of the date of this Agreement.

GUARANTOR(S):

_____

_____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT G
LEASE TERMS

In accordance with the Franchise Agreement, Franchisee's lease or sublease for the premises of each of the Franchised Restaurants shall contain terms acceptable to Franchisor, which may include (but are not limited to) the following:

1. The initial term of the lease, or initial term together with renewal terms, will be for not fewer than ten (10) years.

2. A provision stating that the lessor consents to Franchisee's use and display of the Proprietary Marks and signage as Franchisor may prescribe from time to time for the Franchised Restaurant, subject only to the provisions of applicable law.

3. A provision that requires the lessor to concurrently provide Franchisor with a copy of any written notice of deficiency or default under the lease sent to Franchisee, and that the lessor will provide Franchisor with written notice specifying deficiencies that Franchisee did not cure.

4. A provision that grants to Franchisor, in its sole discretion, the right (but not obligation) to cure any deficiency under the lease within thirty (30) days after the expiration of the period in which Franchisee had to cure any such default should Franchisee fail to do so.

5. A provision acknowledging that, in the event the Franchise Agreement for the Franchised Restaurant expires or is terminated, the lessor will allow Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any Proprietary Marks, designs or logos of Franchisor, provided that the lessor shall not be required to bear any expense thereof.

6. A provision that the lessor's consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting Franchisor, or any parent, subsidiary or affiliated corporation of Franchisor or Franchisee, or another operator that has been approved by Franchisor to be the franchisee for the Franchised Restaurant.

7. A provision acknowledging and approving Franchisor's step-in rights to operate the Franchised Restaurant under certain circumstances pursuant to the Franchise Agreement.

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT H

CONDITIONAL LEASE ASSIGNMENT

This Conditional Lease Assignment ("Agreement") is made this ____ day of _____, 20__, by and among the following parties:

LESSOR: _____
_____
_____

LESSEE: _____
_____
_____

FRANCHISOR: Newk's Franchise Company, LLC
2680 Crane Ridge Drive
Jackson, Mississippi 39216

RECITALS:

WHEREAS, under the terms of the Lease Agreement, attached hereto as Exhibit A, Lessor has agreed to lease to Lessee certain premises (the "Premises") located at the following street address:

_____
_____
_____

WHEREAS, Franchisor has accepted the Premises as a suitable location for Lessee's Newk's Eatery Restaurant, subject to the provisions of the Franchise Agreement and further subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained other good and valuable consideration, including the acceptance by Franchisor of the Premises as a location for a "Newk's" Restaurant, the parties hereby agree as follows:

1. Use of the Premises

Lessee shall use the Premises only for the operation of a "Newk's" Restaurant pursuant to its Franchise Agreement with Franchisor and for no other purposes whatsoever.

2. Signage, Etc.

Lessor hereby consents to Lessee's use and display on the Premises of such exterior and interior signs, posters, promotional materials, and equipment, furnishings, and décor as are currently required by Franchisor pursuant to the Franchise Agreement. In the event that such requirements are changed in the future, Lessor agrees that it will not unreasonably withhold its consent to Lessee's compliance with such changes. In the event that local ordinances or zoning requirements prohibit the use

of the Franchisor's standard signage, Franchisor will not unreasonably withhold its consent to the modification of its standard signage to comply with such requirements.

3. Notices

Lessor agrees to furnish Franchisor with copies of any and all letters and notices to Lessee pertaining to any default by Lessee under the Lease at the same time and in the same manner as any such notice is sent to Lessee. Lessee agrees to furnish Franchisor with prompt written notice of any and all amendments, waivers, extensions, renewals or other modifications of the Lease. All notices hereunder shall be mailed or delivered to the addresses set forth above, unless changed from time to time by any party through written notice mailed or delivered to the other parties.

4. Assignment

Lessor hereby acknowledges that Lessee has agreed under the Franchise Agreement that, in the event of termination or expiration of the Franchise Agreement or Lessee's default under the Lease, Lessee shall, at Franchisor's option, assign to Franchisor any and all interest of Lessee in the Lease, including any rights to renew the Lease or to sublease the Premises; and Lessor hereby consents to such assignment, subject to the following conditions:

(A) Franchisor shall notify Lessor in writing within thirty (30) days after termination or expiration of the Franchise Agreement or Franchisor's receipt of any notice of default by Lessee under the Lease if Franchisor elects to accept assignment of the Lease; Franchisor's failure to accept assignment of the Lease upon any default of Lessee under the Lease shall not be deemed a waiver of Franchisor's future right to accept such assignment in the event of any future default by Lessee;

(B) If Franchisor elects to accept assignment of the Lease, Franchisor shall execute and deliver to Lessor a lease containing the same terms and conditions (including rental rates) as the Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any default claims that may exist between Lessor and Lessee;

(C) If Franchisor elects to accept assignment of the Lease, Franchisor shall take possession of the Premises within thirty (30) days after notice of such election to Lessor, and Franchisor shall commence payment of rent upon taking possession of the Premises;

(D) Nothing herein shall affect Lessor's right to recover from Lessee any and all amounts due under the Lease or to exercise any rights of Lessor against Lessee as provided under the Lease.

5. Assignment to Third Party

At any time after giving notice of its election to accept assignment of the lease, Franchisor may request to assign its lease, or sublease the Premises, to a third party. Lessor agrees not to unreasonably withhold its consent to any such assignment or sublease on the same terms as the Lease provided however, that if Lessor refuses to consent to such assignment or sublease by Franchisor, Franchisor shall have no further obligations thereunder.

6. Entry of Franchisor

Lessor and Lessee hereby acknowledge that Lessee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Restaurant operated by Lessee at

the Premises at any time for the purpose of conducting inspections, protecting Franchisor's proprietary marks, and correcting deficiencies of Lessee. Lessor and Lessee hereby agree not to interfere with or prevent such entry by Franchisor, its employees or agents.

7. De-Identification

Lessor and Lessee hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Lessee is obligated under the Franchise Agreement to take certain steps to de-identify the location as a "Newk's" Restaurant operated by Lessee. Lessor agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Lessee, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Lessor shall not be required to bear any expenses thereof. Lessee agrees that if Lessee fails to de-identify the Premises promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Lessee's expense.

8. General Provisions

(A) This Agreement shall be binding upon the parties hereto and their successors, assigns, heirs, executors, and administrators. The rights and obligations herein contained shall continue notwithstanding changes in the persons or entities that may hold any leasehold or ownership in the land of building. Any party hereto may record this Agreement or a memorandum hereof.

(B) Any party hereto may seek equitable relief, including, without limitation, injunctive relief or specific performance, for actual threatened violation or nonperformance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for under this or other agreements between any of the parties. The prevailing party in any action shall be entitled to recover its legal fees together with court costs and expenses of litigation.

(C) Nothing contained in this Agreement shall affect any term or condition in the Franchise Agreement between Lessee and Franchisor. Nothing herein shall be deemed to constitute a guaranty or endorsement by Franchisor of the terms and conditions of the Lease between Lessor and Lessee. In the event that Franchisor, in its sole discretion, determines not to accept assignment of the Lease as permitted hereunder, neither Lessor nor Lessee shall have any claims against Franchisor. No terms or conditions contained in the Lease shall be binding on Franchisor unless and until it elects to accept assignment of the Lease hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

WITNESS:

LESSOR:

_____

By:_____
Name:_____
Title:_____

WITNESS:

LESSEE:

_____

By:_____
Name:_____
Title:_____

WITNESS:

FRANCHISOR:

NEWK'S FRANCHISE COMPANY, LLC

_____

By:_____
Name:_____
Title:_____

NEWK'S FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
EXHIBIT I
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Newk's Franchise Company, LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Newk's Restaurant (the "Franchised Business"). The purpose of this Questionnaire is to ascertain certain information from you in connection with your purchase of the Franchise.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions or inquiries below do not apply to any communications that you had with the transferring Franchisee.

NOTE: DO NOT COMPLETE, ANSWER OR RESPOND TO THE QUESTIONS OR INQUIRIES CONTAINED IN SECTION B OF THIS FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT IF THE OFFER OR SALE OF THE NEWK'S RESTAURANT FRANCHISE TO YOU IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN. THESE QUESTIONS OR INQUIRIES DO NOT APPLY TO YOU.

SECTION A

Please review each of the following questions or inquiries carefully and provide honest and complete answers to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20___.

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

4. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

5. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today, other than payment of an area development fee paid in connection with an Area Development Agreement?

Yes _____ No _____

6. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that the Franchise Agreement nor Addendum is effective until signed and dated by the franchisor.

SECTION B

Please review each of the following questions and inquiries carefully and provide honest and complete answers to each.

1. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

2. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____
_____
_____

3. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Disclosure Document and all exhibits and attachments?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

_____
_____

5. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

6. Do you understand that the performance of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

7. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

8. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

9. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

* * *

Please understand that your responses to these questions and inquiries in this Franchisee Disclosure Acknowledgment Statement are important to us and that we will rely on them.

In addition, by signing this Questionnaire, you also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged on _____, 20___.

Sign here if you are taking the franchise as an INDIVIDUAL	Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP
_____ Signature Print Name _____ _____ Signature Print Name _____ _____ Signature Print Name _____ _____ Signature Print Name _____	_____ Print Name of Legal Entity By: _____ _____ Signature Print Name _____ Title _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT

NEWK'S FRANCHISE COMPANY, LLC

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER:

DEVELOPMENT AREA:

DATE:

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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made and entered into on _____, 20___ (the "**Effective Date**"), by and between:

- Newk's Franchise Company, LLC, a Mississippi Limited Liability company whose principal place of business is 2680 Crane Ridge Drive, Jackson, Mississippi 39216 ("**Franchisor**"); and

- _____a [resident of _____] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at _____ ("**Area Developer**").

BACKGROUND

A. Franchisor owns a format and system (the "**System**") relating to the establishment and operation of fast casual restaurants, which operate at retail locations that display Franchisor's interior and exterior trade dress and feature and operate under the Proprietary Marks (as defined below) (each a "**Newk's Restaurant**"). Newk's Restaurants offer menus specializing in Franchisor's fresh tossed salads, oven baked sandwiches, hand-crafted pizzas, made-from-scratch soups and homemade cakes under the names "Newk's', or "Newk's Eatery." A "Newk's" restaurant operates using Franchisor's proprietary recipes, formulae and techniques, as well as other non-proprietary food, beverage, and other compatible items designated by Franchisor from time to time (collectively, "**Products**").

B. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings; recipes, standards and specifications for products, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; procedures for inventory and management control; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Newk's" and other marks (the "**Proprietary Marks**").

D. Area Developer desires to obtain certain development rights to open and operate Newk's Restaurants under the System and the Proprietary Marks, as well as to receive other assistance provided by Franchisor in connection therewith.

NOW THEREFORE, the parties agree as follows:

1. GRANT

1.1 **Grant and Acceptance**. Franchisor grants development rights to Area Developer, and Area Developer undertakes the obligation, pursuant to the terms and conditions of this Agreement, to develop no less than the number of Newk's Restaurants (the "**Franchised Restaurants**") as set forth in Exhibit A to this Agreement. In this regard, the parties further agree that:

1.1.1 Each Franchised Restaurant developed hereunder shall be operated pursuant to a separate Franchise Agreement (a "**Franchise Agreement**") that shall be executed as provided in Section 3.4 below in accordance with the deadlines set forth in the development schedule contained in Paragraph 1 of Exhibit A to this Agreement (the "**Development Schedule**").

1.1.2 Each Franchised Restaurant developed hereunder shall be at a specific location, which shall be designated in the Franchise Agreement, that is within the area described in Paragraph 2 of Exhibit A to this Agreement (the "**Development Area**").

1.1.3 Franchisor reserves the right to delay the development of any Franchised Restaurant if Area Developer's existing Franchised Restaurants, upon evaluation and scoring by Franchisor, do not meet Franchisor's minimum scoring requirements. In such event, Area Developer may not continue to locate sites for Franchised Restaurants unless and until (a) Area Developer's existing Franchised Restaurants have achieved satisfactory minimum scores, and (b) Area Developer has been notified by Franchisor that it may continue to locate sites. If Franchisor exercises its rights pursuant to this Section 1.1.3, the Development Schedule may be adjusted accordingly in Franchisor's sole discretion.

1.1.4 In the event that Area Developer (or any affiliate) is in default under any Franchise Agreement and such default is continuing, then Area Developer shall not have the right to present potential sites for Franchised Restaurants until such default has been cured under such Franchise Agreement.

1.2 **Development Area**. Except as otherwise set forth herein (including, without limitation, the rights retained by Franchisor as described in Section 1.3), during the term of this Agreement, and so long as Area Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Area Developer (including any affiliate of Area Developer), Franchisor shall not establish or operate, or license anyone other than Area Developer to establish or operate, a Newk's Restaurant under the Proprietary Marks and System at any location that is within the Development Area.

1.3 **Franchisor's Reserved Rights**. Notwithstanding anything to the contrary, Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Area Developer any rights therein:

1.3.1 To own, acquire, establish, and/or operate and license others to establish and operate, Newk's Restaurants under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Restaurants;

1.3.2 To own, acquire, establish and/or operate and license others to establish and operate, non-restaurant businesses (including the licensing of grocery or other products) under the Proprietary Marks, at any location within or outside the Development Area.

1.3.3 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from Newk's Restaurants, at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Restaurants;

1.3.4 To own, acquire, establish, and/or operate and license others to establish and operate, Newk's Restaurants under the Proprietary Marks at Institutional Accounts (as defined below) at any location within or outside the Development Area. As used in this Agreement, "**Institutional Accounts**" shall mean outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, in-door shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

1.3.5 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing Franchisor's Proprietary Marks, provided that distribution within the Development Area shall not be from a Newk's Restaurant established under the System that is operated from within the Development Area (except from a Newk's Restaurant at an Institutional Account);

1.3.6 To (i) acquire one or more retail businesses that are the same as, or similar to, Newk's Restaurants then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Franchised Restaurants, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Newk's Restaurant under the System, subject to the following conditions that apply to each Acquired Business located within the Development Area:

1.3.6.1 Except as provided in Section 1.3.6.2 below, and provided that Area Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor shall offer to Area Developer the option to purchase and operate, as a Newk's Restaurant, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. In such event, Franchisor shall provide Area Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Area Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Area Developer shall include, without limitation, the following: (a) the purchase price will be based on Franchisor's purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below in Section 1.3.6.2), then Area Developer's purchase price for such Acquired Business shall be determined using a ratio equal to the sales during the prior year of such Acquired Business as compared to the total sales in such prior year of all Acquired Businesses purchased by Franchisor in the same transaction; and (b) the requirement that Area Developer enter into Franchisor's then-current form of System franchise agreement for the Acquired Business, provided that Area Developer shall not be required to pay an initial franchise fee for an Acquired Business. If Area Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall have the right to operate itself, or through its affiliates or third party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Proprietary Marks.

1.3.6.2 If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), Area Developer shall have no right to purchase, and Franchisor shall not be obligated to offer Area Developer any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. Franchisor may license such unit to be operated under any trade name or trademarks including the Proprietary Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Development Area.

1.4 **No Rights to Use the System**. This Agreement is not a Franchise Agreement, and does not grant to Area Developer any right to use the Proprietary Marks or the System or to sell or distribute any Products. Area Developer's rights to use the Proprietary Marks and System will be granted solely under the terms of the Franchise Agreement.

2. TERM

Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement shall commence on the date hereof and shall expire on the last date set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A (the "**Expiration Date**").

3. DEVELOPMENT OBLIGATIONS

3.1 **Time is of the Essence**. Recognizing that time is of the essence, Area Developer shall comply strictly with the Development Schedule. Area Developer acknowledges and agrees that the Development Schedule requires that Area Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Restaurants by the end of the time periods specified in Exhibit A, subject to Franchisor's exercise of its postponement rights described in Section 1.1.4.

3.2 **Identifying and Securing Sites**. If required by Franchisor, Area Developer shall use Franchisor's designated real estate services provider to assist in locating sites for each Franchised Restaurant. The following terms and conditions shall apply to each Franchised Restaurant to be developed hereunder:

3.2.1 Area Developer (or, if required by Franchisor, Franchisor's designated real estate services provider) shall submit to Franchisor, in a form specified by Franchisor, a completed Site Approval Package (the "**Site Approval Package**"), which shall include a site approval form prescribed by Franchisor, an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Area Developer's favorable prospects for obtaining such site, photographs and maps of the site, demographic statistics, financial information pertaining to the estimated expenses of obtaining the site and operating the Franchised Restaurant thereon and such other information or materials as Franchisor may reasonably require. Franchisor shall have twenty (20) business days after its receipt of the Site Approval Package to approve or disapprove, in its sole discretion, the proposed site for the Franchised Restaurant. Franchisor's site approval may be subject to certain conditions, such as modifications to proposed lease terms and requirements regarding financing arrangements. Franchisor may require the real estate services provider retained by Area Developer to review and approve the information set forth in the Site Approval Package prior to submission to Franchisor. In the event Franchisor does not approve a proposed site by written notice to Area Developer within said twenty (20) business day period, such site shall be deemed not approved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

3.2.2 Within sixty (60) business days of Franchisor's approval of a proposed site, Area Developer shall use its best efforts to secure such site, either through a lease, sublease or binding purchase agreement that is acceptable to Franchisor, as provided in Section 3.3 below. Area Developer shall immediately notify Franchisor of the execution of the approved lease, sublease or binding purchase agreement. The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" under the Franchise Agreement executed pursuant Section 3.4 below.

3.2.3 Area Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Restaurant or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Area Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Area Developer's expectations as to revenue or operational results.

3.2.4 As provided in Section 3.4 below, Area Developer shall comply with all pre-opening and opening requirements (including those regarding site construction) set forth in the Franchise Agreement relating to the Franchised Restaurant.

3.3 **Lease Terms**. For each Franchised Restaurant to be developed hereunder, if Area Developer will occupy the premises under a lease or sublease agreement, Area Developer shall, prior to execution thereof, submit it to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Area Developer may sign the lease (or sublease, as the case may be) only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not subsequently approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation, the terms and conditions set forth by Franchisor in the Standard Operating Procedures or otherwise in writing from time to time, a current list of which is included in Exhibit B to this Agreement.

3.4 **Franchise Agreements**. With respect to the Franchise Agreements to be executed for the Franchised Restaurants to be developed pursuant to this Agreement, the following terms and conditions shall apply:

3.4.1 The Franchise Agreement for the first Franchised Restaurant to be developed under this Agreement shall be the form of Franchise Agreement attached hereto in Exhibit C.

3.4.2 The Franchise Agreement for each subsequent Franchised Restaurant to be developed under this Agreement shall be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the Franchise Agreement attached hereto including, without limitation, a higher and/or additional fees; provided, however, so long as Area Developer is in compliance with this Agreement, then initial franchise fee shall be as set forth in Section 4.3 below, and if the royalty fee rate is higher for the then-current form of franchise agreement, the royalty fee rate under the Franchise Agreement that Area Developer executes shall be the same as the royalty fee rate set forth in the form of Franchise Agreement attached hereto in Exhibit C.

3.4.3 Franchisor shall permit one or more Franchise Agreements to be executed by entities other than Area Developer; provided that (a) each such franchisee entity is wholly owned by Area Developer or by the Principals of Area Developer, and (b) the Area Developer and all Principals (as defined in Section 9.1 below) of Area Developer requested by Franchisor execute guarantees, guarantying to Franchisor the timely payment and performance of the franchisee's obligations under the Franchise Agreement.

3.4.4 Provided that Area Developer is in compliance with this Agreement, after Area Developer locates and secures a site pursuant to Sections 3.2 and 3.3 above, Area Developer (or an affiliate of Area Developer pursuant to Section 3.4.3 above) shall execute the Franchise Agreement for such Franchised Restaurant, as provided in this Section 3.4. Area Developer shall thereafter comply with all pre-opening and opening requirements (including those regarding site construction) set forth in the Franchise Agreement relating to the Franchised Restaurant.

3.4.5 Area Developer acknowledges and understands that compliance with Franchisor's System is a significant factor in the success of each Franchised Restaurant's operation and, to that end, Area Developer shall comply with all of Franchisor's requirements related to the use of approved suppliers under this Agreement and pursuant to the terms of each Franchise Agreement executed hereunder.

3.5 **Force Majeure Events**. Area Developer shall not be responsible for non-performance or delay in performance occasioned by a "**force majeure,**" which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Area Developer; provided, however, force majeure shall not include Area Developer's lack of adequate financing. If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost; provided, however, that Area Developer shall make reasonable efforts to correct the reason for such delay and give Franchisor prompt written notice of any such delay.

4. DEVELOPMENT FEE, INITIAL FRANCHISE FEES, AND ROYALTIES

4.1 **Area Development Fee**. In consideration of the development rights granted herein, upon execution of this Agreement, Area Developer shall pay an area development fee ("**Area Development Fee**") that is equal to the Franchise Fee (as defined in Section 4.3) for the first Franchised Restaurant plus a deposit of Twenty Thousand Dollars ($20,000) for each additional Franchised Restaurant that Area Developer must develop in order to comply with the Development Schedule, the aggregate amount of which is specified in Paragraph 3 of Exhibit A to this Agreement. Receipt of the Area Development Fee is hereby acknowledged. The Area Developer acknowledges and agrees that the Area Development Fee is fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted herein to Area Developer, even if Area Developer does not enter into any Franchise Agreements pursuant to this Agreement.

4.2 **Credit Towards Franchise Fee**. If Area Developer is in compliance with its obligations under this Agreement and any other agreement with Franchisor, then upon execution of each Franchise Agreement, Franchisor will credit towards the Franchise Fee (which amounts are set forth in Section 4.3 below) for said Franchise Agreement, the portion of the Area Development Fee that was attributable to such Franchised Restaurant. In no circumstances will Franchisor grant credits in excess of the total Area Development Fee paid by Area Developer.

4.3 **Franchise Fees**. Notwithstanding anything to the contrary in any of the Franchise Agreements, the initial franchise fee (the "**Franchise Fee**") that shall be paid by Area Developer for each Franchised Restaurant to be developed pursuant to the Development Schedule shall be Forty Thousand Dollars ($40,000), which shall be paid in full upon execution of each such Franchise Agreement, less any credit that may be applied pursuant to Section 4.2 above.

5. DUTIES OF THE PARTIES

5.1 **Franchisor's Assistance**. Franchisor shall furnish to Area Developer the following:

5.1.1 Site selection guidelines, including Franchisor's minimum standards for Newk's Restaurant sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.1.2 Such on-site evaluation as Franchisor deems advisable in response to Area Developer's request for site approval for each Franchised Restaurant; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a Site Approval Package for such site prepared by Area Developer pursuant to Section 3.2.

5.2 **Designated Principal**. If Area Developer is other than an individual, Area Developer shall designate, subject to Franchisor's reasonable approval, one Principal (as defined in Section 9.1) who is both an individual person and owns at least a ten percent (10%), of Area Developer, and who shall be responsible for general oversight and management of the development of the Franchised Restaurants under this Agreement and the operations of all such Franchised Restaurants open and in operation on behalf of Area Developer (the "**Designated Principal**"). Area Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Area Developer, the responsibility and decision-making authority regarding the Area Developer's business and operation. In the event the person designated as the Designated Principal, becomes incapacitated, leaves the employ of Area Developer, transfers his/her interest in Area Developer, or otherwise ceases to supervise the development of the Franchised Restaurants, Area Developer shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

5.3 **Records and Reports to Franchisor**. Area Developer shall, at Area Developer's expense, comply with the following requirements to prepare and submit to Franchisor the following reports, financial statements, and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1 For each accounting period designated by Franchisor, prepare by the third (3rd) week of the subsequent period, a balance sheet and profit and loss statement for the last preceding period, which shall be in the form prescribed by Franchisor. Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request.

5.3.2 On April 15th of the year following the end of Area Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant.

5.3.3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate, except such records shall not include records or information relating to employees, as Area Developer controls exclusively its employee and labor relations and practices.

5.4 **Maintaining Records**. Area Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Area Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

6. DEFAULT AND TERMINATION

6.1 **Automatic Termination**. Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; if Area Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; if final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Area Developer is dissolved; if execution is levied against any asset of Area Developer or Area Developer's Franchised Restaurants; if suit to foreclose any lien or mortgage against any asset of Area Developer or Area Developer's Franchised Restaurants is instituted against Area Developer and not dismissed within sixty (60) days; or if any asset of Area Developer's or any Franchised Restaurant of Area Developer's shall be sold after levy thereupon by any sheriff, marshal, or constable.

6.2 **Termination Upon Notice**. Area Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described in Section 6.5 below, without affording Area Developer any opportunity to cure the default, effective immediately upon the provision of notice to Area Developer (in the manner provided under Section 10 hereof), upon the occurrence of any of the following events of default:

6.2.1 If the Franchise Agreement for any Franchised Restaurant operated by Area Developer (or an entity affiliated with Area Developer) is terminated.

6.2.2 If Area Developer or any of its officers, directors or Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or action that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

6.2.3 If Area Developer or any Principal purports to transfer any rights or obligations under this Agreement or any the assets of Area Developer in a manner that is contrary to the terms of Section 7 of this Agreement.

6.3 **Notice and Opportunity to Cure – For a Missed Deadline**. Failure by Area Developer to meet a deadline under the Development Schedule (a "**Missed Deadline**") shall constitute a default under this Agreement. Upon the occurrence of one Missed Deadline, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least thirty (30) days prior to the effective date of termination (or such longer period as applicable law may require); provided, however, that Area Developer may avoid termination by curing the default to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the applicable cure period. If any such default is not cured within the applicable cure period, or upon the occurrence of another Missed

Deadline, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Restaurants) will terminate without further notice to Area Developer effective immediately upon the expiration of the applicable cure period. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to take any of the actions described in Section 6.5 below.

6.4 **Notice and Opportunity to Cure Other Defaults**. Except as otherwise provided in Sections 6.1, 6.2 , and 6.3 above, if Area Developer fails to comply with any material term and condition of this Agreement, such action shall constitute a default under this Agreement and, upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least thirty (30) days prior to the effective date of termination (or such longer period as applicable law may require); provided, however, that Area Developer may avoid termination by curing the default to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the applicable cure period. If any such default is not cured within the applicable cure period, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Restaurants) will terminate without further notice to Area Developer effective immediately upon the expiration of the applicable cure period.

6.5 **Franchisor's Other Options Upon Default**. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Area Developer's breach of this Agreement, which include, but are not limited to: (i) termination of the credit towards Franchise Fees granted in Section 4.2 hereof; (ii) loss of the limited exclusivity, or reduction in the scope of protections, granted to Area Developer under Section 1.2 herein for the Development Area; (iii) reduction in the scope of the Development Area; (iv) reduction in the number of Franchised Restaurants to be developed by Area Developer; and/or (v) Franchisor's retention of all area development fees paid, or owed, by Area Developer. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.

6.6 **Cross Default**. Any default by Area Developer, any Principal or any affiliate of Area Developer under any Franchise Agreement shall constitute a default hereunder, which is subject to Section 6.4 of this Agreement (except for any default resulting in termination, which shall be subject to Section 6.2.1). In addition, any default by Area Developer, any Principal or any affiliate of Area Developer under any lease, sublease, loan agreement, security agreement or other agreement relating to or affecting any Franchised Restaurant shall constitute a default hereunder, which is subject to Section 6.4 of this Agreement. In each of the foregoing cases, Franchisor (and any affiliate of Franchisor, as the case may be) will have all remedies available to it, including termination of Area Developer's rights and Franchisor's (and/or Franchisor's affiliates') obligations under any such agreement. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided at law or in equity and Franchisor may pursue any rights and/or remedies available to it.

6.7 **No Further Rights**. Upon termination or expiration of this Agreement, Area Developer shall have no right to establish or operate any Newk's Restaurant for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Area Developer's breach of this Agreement shall include, without limitation, Area Developer's loss of its right to develop additional Franchised Restaurants under this Agreement, and Franchisor's retention of all area development fees paid, or owed, by Area Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish, Newk's Restaurants in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer or, as permitted under Section 3.4.3 of this Agreement, Area Developer's affiliates.

7. TRANSFER OF INTEREST

7.1 **Franchisor's Rights to Transfer**. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

7.2 **No Transfers Without Franchisor's Approval**. Area Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Area Developer or the Principals of Area Developer if Area Developer is not an individual. Accordingly, neither Area Developer nor any Principal shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Area Developer (including any direct or indirect interest in an Area Developer entity), the rights or obligations Area Developer under this Agreement, or any material asset of the Area Developer's business, without the prior written consent of Franchisor, which shall be subject to Sections 7.3 and 7.4 below and to all of the conditions and requirements for transfers set forth in the Franchise Agreement attached to this Agreement as Exhibit C that Franchisor deems applicable to a proposed transfer under this Agreement.

7.3 **Simultaneous Transfers**. Area Developer understands and acknowledges that any consent to a transfer of this Agreement shall, unless waived, be conditioned on, among other factors, the requirement that the proposed transfer of this Agreement is to be made in conjunction with a simultaneous transfer of all Franchise Agreements executed pursuant to this Agreement to the same approved transferee.

7.4 **Transfer Fee**. At the request of Franchisor, Area Developer shall pay a transfer fee of an amount equal to fifty percent (50%) of Franchisor's then-current initial franchise fee for one Franchised Restaurant. Additionally, for any Franchise Agreements executed pursuant to this Agreement that are transferred, the transfer fee shall be paid to Franchisor pursuant to the terms of such Franchise Agreement(s). Notwithstanding the foregoing, Area Developer shall not be required to pay the transfer fee for certain transactions, provided all of the following conditions are satisfied: (1) the transfer is a transfer of an ownership interest in Area Developer of less than 10% and, after giving effect to such transfer, the original Principals of Area Developer own at least 51% of Area Developer; (2) Area Developer provides Franchisor with 30 days' prior written notice of its intent to undertake the transfer, together with documents demonstrating that the transfer meets the requirements of this paragraph; and (3) at the time of Area Developer's notice to Franchisor, Area Developer shall not be in default of this Agreement or any other agreements between Area Developer (or Area Developer's affiliates) and Franchisor.

7.5 **Transfer to Entity Formed by Area Developer**. Notwithstanding anything to the contrary in this Section 7, if Area Developer is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 7.4 shall not apply, and Area Developer may undertake such transfer, provided that Area Developer owns one hundred percent (100%) of the equity interest in the transferee entity, and the Area Developer personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Area Developer under this Agreement.

8. COVENANTS

8.1 **Confidential Information**. Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. At Franchisor's request, Area Developer shall require its managers and any personnel having access to any confidential information of Franchisor to execute a confidentiality agreement in the form acceptable to Franchisor. Area Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

8.2 **During the Term**. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation or other entity:

8.2.1 Divert or attempt to divert any business or customer of any Newk's Restaurant or of any unit under the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed as a General Manager level-employee or above, or similarly situated Support Center employee by Franchisor or by any other franchisee or area developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

8.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "**Competitive Business**" shall be retail food businesses with menu offerings consisting predominantly of salads, sandwiches, or pizza offered in a casual environment. Furthermore, Area Developer acknowledges and agrees that Area Developer shall be considered in default under this Agreement and that this Agreement will be subject to immediate termination as provided in Section 6.2 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Area Developer (or, if Area Developer is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 8.2.3 if such person was subject to the covenants of this Section 8.2.3.

8.3 **After this Agreement and After a Transfer**. Area Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 7 above, or (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Area Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, or have any interest in any Competitive Business, which is, or is intended to be (i) located within the

Development Area (other than those Franchised Restaurants provided for in the Development Schedule), or makes offers and sales into the Development Area; or (ii) located within a radius of twenty-five (25) miles of any other Newk's Restaurant located anywhere. Provided, however, that this provision shall not apply to the operation by Area Developer of any business under the System under a franchise agreement with Franchisor.

8.4 **Exception for Ownership in Public Entities**. Sections 8.2 and 8.3 hereof shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "**publicly-held corporation**" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

8.5 **Personal Covenants**. At the request of Franchisor, Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Area Developer), as may be modified to apply to an individual, from any or all of the following persons: (a) the Designated Principal, (b) all managers and other personnel employed by Area Developer who have received or will receive training and/or other confidential information; (c) all officers, directors, and Principals who have or will receive training or access to confidential information, or who are or may be involved in the operation or development of the Franchised Restaurants. Every covenant required by this Section 8.5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

8.6 **Covenants as Independent Clauses**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 **Franchisor's Right to Reduce Scope of the Covenants**. Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 hereof.

8.8 **Covenants Survive Claims**. Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

8.9 **Compliance with Laws**. Area Developer represents and warrants to Franchisor that neither Area Developer (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

9. CORPORATE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP AREA DEVELOPER

9.1 **List of Principals**. If Area Developer is a corporation, limited liability company, or partnership, each owner of beneficial interest in Area Developer (each a "**Principal**"), and the interest of each Principal in Area Developer, shall be identified in Exhibit D to this Agreement. Area Developer shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit D upon any change, which shall be made only in compliance with Section 7 above.

9.2 **Guaranties**. Such Principals as Franchisor may request shall execute a guarantee, indemnification, and acknowledgment of Area Developer's obligations under this Agreement in the form attached hereto as Exhibit E. As set forth in Section 5.2 above, the Designated Principal shall at all times have at least a ten percent (10%) interest in Area Developer.

9.3 **Corporations and Limited Liability Companies**. If Area Developer is a corporation or limited liability company, Area Developer shall comply with the following requirements:

9.3.1 Area Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Restaurants.

9.3.2 Area Developer shall, upon request of Franchisor, promptly furnished to Franchisor copies of Area Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

9.3.3 Area Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Area Developer shall conspicuously endorse upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 9.3.3 shall not apply to a publicly-held corporation.

9.4 **Partnerships and Limited Liability Partnerships**. If Area Developer or any successor to or assignee of Area Developer is a partnership or limited liability partnership, Area Developer shall comply with the following requirements:

9.4.1 Area Developer shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Restaurants.

9.4.2 Area Developer shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

9.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

10. **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

11. **PERMITS AND COMPLIANCE WITH THE LAWS**

11.1 **Compliance with Laws**. Area Developer shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

11.2 **Notice of Actions**. Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Restaurant established under this Agreement.

12. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

12.1 **No Fiduciary Relationship**. Area Developer is an independent contractor. Franchisor and Area Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship, nor is Franchisor the employer or joint employer of Area Developer's employees.

12.2 **Public Notice**. During the term of this Agreement, Area Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an area development agreement with Franchisor. Area Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Area Developer's offices, the content of which Franchisor reserves the right to specify.

12.3 **No Assumption of Liability**. Nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Area Developer in Area Developer's operations hereunder, or for any claim or judgment arising therefrom against Area Developer or Franchisor.

12.4 **Indemnification**. Area Developer shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Area Developer's operation of the business contemplated hereunder, including, without limitation, Area Developer's noncompliance or alleged

noncompliance with any law, ordinance, rule, or regulation, including any allegation that Franchisor or any affiliate of Franchisor is a joint employer or otherwise responsible for Area Developer's acts or omissions relating to its employees (notwithstanding any claims that the Indemnitees are or were negligent). Area Developer agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion and at Area Developer's sole cost and expense, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Area Developer, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Area Developer's obligation hereunder.

13. APPROVALS AND WAIVERS

13.1 **Approval Requests**. Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing. Franchisor shall respond to Area Developer's timely requests in a reasonably timely and prompt manner.

13.2 **Non-waiver**. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Area Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Area Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Area Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, covenants or conditions of this Agreement.

14. SEVERABILITY AND CONSTRUCTION

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

14.2 **Terms Surviving this Agreement**. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), or assignment shall survive such expiration, termination.

14.3 **No Rights on Third Parties**. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Area Developer, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and

such successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

14.4 **Full Scope of Terms**. Area Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

14.5 **The Exercise of Franchisor's Judgment**. Franchisor has the right to develop, operate, and change the System in any manner not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and Franchisor's judgment of what is in the best interests of Franchisor and its affiliates, its Franchisees generally, or the System at the time Franchisor's decision is made, without regard to whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether Franchisor's decision promotes Franchisor or its affiliates' financial or other individual interest. The parties agree that the exercise of Franchisor's right or discretion, will not be subject to limitation or review, and except as otherwise expressly provided under applicable law, Franchisor shall have not liability to Franchisee for any such decision or action.

14.6 **Captions Only for Convenience**. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

15. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Area Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Area Developer to execute this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Area Developer by Franchisor. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

16. APPLICABLE LAW AND DISPUTE RESOLUTION

16.1 **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of Mississippi. In the event of any conflict of law, the laws of Mississippi shall prevail, without regard to, and without giving effect to, the application of Mississippi conflict of law rules. The parties hereto hereby irrevocably consent to the jurisdiction of the federal court located in the Southern District of Mississippi, Northern Division, and agree that venue in each of such courts is proper in connection with any action or proceeding arising out of or relating to this Agreement. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Mississippi or of any other state to which it would not otherwise be subject.

16.2 **Arbitration.** Franchisor and Area Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Area Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Area Developer (and/or Area Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Area Developer and Franchisor;

(2) Franchisor's relationship with Area Developer; or

(3) the validity of this Agreement or any other agreement between Area Developer and Franchisor;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. The arbitrator shall not have the right to move such location outside of such five (5) mile radius. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 16.6 below, award any punitive, exemplary or multiple damages against either party.

Franchisor and Area Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Area Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Franchisor.

Franchisor and Area Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Area Developer (and/or Area Developer's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Despite Franchisor's and Area Developer's agreement to arbitrate, Franchisor and Area Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Area Developer must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

16.3 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

16.4 **No Rights Exclusive of Other Rights**. No right or remedy conferred upon or reserved to Franchisor or Area Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

16.5 **Waiver of Jury Trial**. Franchisor and Area Developer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other. Except for claims by Franchisor for monies owed, any and all other claims and actions arising out of or relating to this Agreement, the relationship of Area Developer and Franchisor, or Area Developer's activities under this Agreement, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

16.6 **Waiver of Punitive Damages**. Franchisor and Area Developer hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other.

16.7 **Injunctive Relief**. Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

17. ACKNOWLEDGMENTS

17.1 **Area Developer's Investigation of the Business Possibilities**. Area Developer acknowledges that it has conducted an independent investigation of the business of developing and operating Newk's Restaurants, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Area Developer (or, if Area Developer is a corporation, partnership or limited liability company, the ability of its principals) as (an) independent businessperson(s). Franchisor expressly disclaims the making of, and Area Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

17.2 **Area Developer Read this Agreement and Consulted**. Area Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Area Developer ample time and opportunity to consult with advisors of Area Developer's own choosing about the potential benefits and risks of entering into this Agreement.

17.3 **No Conflicting Obligations**. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in duplicate on the day and year first above written.

NEWK'S FRANCHISE COMPANY, LLC Franchisor	_____ Area Developer
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Address for Notices:	Address for Notices:
Newk's Franchise Company, LLC 2680 Crane Ridge Drive Jackson, Mississippi 39216 Telephone: (601) 982-1160 Fax: (601) 982-1161 Attn: Department of Franchising	_____ _____ _____ Telephone:_____ Fax:_____ Attn:_____

NEWK'S FRANCHISE COMPANY, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT A
DEVELOPMENT AREA, SCHEDULE AND FEE

1. Development Schedule (see Section 1.1): Area Developer shall execute Franchise Agreements for the development and operation of _____ (___) Franchised Restaurants, within the Development Area in accordance with the following Development Schedule:

Minimum Cumulative Number of Franchised Restaurants to be Located and Operating within the Development Area	By this Date

Total: _____

2. Development Area (see Section 1.1): The Development Area shall be the following: _____
_____
_____
_____
_____
_____
_____

3. Area Development Fee (see Section 4.1): The Area Development Fee shall be $ _____. For purposes of clarity and avoidance of doubt, the Area Development Fee shall be applied as follows: (i) $40,000 shall be applied to Franchised Restaurant #1 in full satisfaction of the Franchise Fee; and (ii) $20,000 shall be applied towards the Franchise Fee for each of Franchised Restaurants #__-#__ (with the remaining $20,000 due and payable upon execution of each applicable Franchise Agreement).

Initial: _____ Date: _____ Initial:_____ Date:_____

FRANCHISOR **AREA DEVELOPER**

NEWK'S FRANCHISE COMPANY, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT B
LEASE TERMS

In accordance with Section 3.3 of this Area Development Agreement, Area Developer's lease or sublease for the premises of each of the Franchised Restaurants shall contain terms acceptable to Franchisor, which may include (but are not limited to) the following:

1. The initial term of the lease, or initial term together with renewal terms, will be for not fewer than ten (10) years.

2. A provision stating that the lessor consents to Area Developer's use and display of the Proprietary Marks and signage as Franchisor may prescribe from time to time for the Franchised Restaurant, subject only to the provisions of applicable law.

3. A provision that requires the lessor to concurrently provide Franchisor with a copy of any written notice of deficiency under the lease sent to Area Developer, and that the lessor will provide Franchisor with written notice specifying deficiencies that Area Developer did not cure.

4. A provision that grants to Franchisor, in its sole discretion, the right (but not obligation) to cure any deficiency under the lease within thirty (30) days after the expiration of the period in which Area Developer had to cure any such default should Area Developer fail to do so.

5. A provision acknowledging that, in the event the Franchise Agreement for the Franchised Restaurant expires or is terminated, the lessor will allow Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any Proprietary Marks, designs or logos of Franchisor, provided that the lessor shall not be required to bear any expense thereof.

6. A provision that the lessor's consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting Franchisor, or any parent, subsidiary or affiliated corporation of Franchisor or Area Developer.

7. A provision acknowledging and approving Franchisor's step-in rights to operate the Franchised Restaurant under certain circumstances pursuant to the Franchise Agreement.

NEWK'S FRANCHISE COMPANY, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT C
FORM OF FRANCHISE AGREEMENT

NEWK'S FRANCHISE COMPANY, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT D
LIST OF PRINCIPALS & DESIGNATED PRINCIPAL

The following identifies all of Area Developer's Principals (as defined in Section 9.1 of the Area Development Agreement):

Name of Principal	Address	Interest (%) with description
		Total: 100%

AREA DEVELOPER'S DESIGNATED PRINCIPAL

The following identifies Area Developer's Designated Principal (as defined in Section 5.2 of the Area Development Agreement):

Name and Title	Address, telephone number, and e-mail address	Interest (%) (with description) if any

NEWK'S FRANCHISE COMPANY, LLC
AREA DEVELOPMENT AGREEMENT
EXHIBIT E
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Newk's Franchise Company, LLC ("**Franchisor**") to enter the Newk's Franchise Company, LLC Area Development Agreement between Franchisor and _____ _____ ("**Area Developer**"), dated _____, 20___ (the "**Agreement**"), the undersigned Guarantor(s) hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Area Developer's monetary obligations under the Agreement will be punctually paid and performed and that all monetary obligations will be punctually paid and performed. If there is more than one undersigned Guarantor, all obligations under this Guarantee shall be joint and several.

Upon demand by Franchisor, each Guarantor agrees to immediately make each payment required of Area Developer under the Agreement and waive any right to require Franchisor to: (a) proceed against Area Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Area Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; or (d) give notice of demand for payment by Area Developer. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

Each Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

Each Guarantor hereby acknowledges and expressly agrees to be individually bound by all of the covenants contained in Sections 6, 7, 8, and 16 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "Newk's" marks or system.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Each Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this guarantee provision shall be in writing and shall be personally delivered, in the manner provided under Section 10 of this Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 16 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Mississippi. In the event of any conflict of law, the laws of the State of Mississippi shall prevail (without regard to, and without giving effect to, the application of Mississippi conflict of law rules).

IN WITNESS WHEREOF, the undersigned has signed this Guarantee as of the date of this Agreement.

GUARANTOR(S):

_____

EXHIBIT D TO THE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDUM

ADDENDUM TO
THE DISCLOSURE DOCUMENT FOR THE
STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN

The following provision applies only to franchisees and franchised Newk's Restaurants that are subject to the state franchise disclosure laws of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (1) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (2) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the Franchised Restaurant.

EXHIBIT E TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISED RESTAURANTS
(as of December 31, 2025)

STATE	NO.	FRANCHISEE NAME	ADDRESS	CITY	ZIP	PHONE NUMBER
AL	1008	CKJ Eateries, LLC	611 Richard Arrington Jr., Blvd. South	Birmingham	35233	205-323-0992
AL	1183	Cullman Eatery 1, LLC	410 2nd Avenue NW	Cullman	35055	256-841-5328
AL	1131	Dothan Eatery, LLC	3468 Ross Clark Circle	Dothan	36303	334-699-1667
AL	1072	CKJ Eateries, LLC	3780 Riverchase Village, Suite 1000	Hoover	35244	205-588-8624
AL	1017	SBM Holdings II, LLC	4925 University Drive, Suite 190	Huntsville	35816	256-430-9662
AL	1062	Montgomery Eatery, LLC	7880 Vaughn Road	Montgomery	36116	334-290-4955
AL	1068	Opelika Eatery, LLC	2664 Enterprise Drive	Opelika	36801	334-749-0011
AL	1097	NKS Spanish Fort, LLC	30500 State Highway 181 #132	Spanish Fort	36527	251-625-6544
AL	1004	SBM Holdings, LLC	205 University Boulevard East	Tuscaloosa	35401	205-758-2455
AL	1044	CKJ Eateries, LLC	612 Montgomery Highway, Suite 110	Vestavia Hills	35216	205-777-0442
AL	1029	SBM Holdings III, LLC	4851 Whitesburg Drive	Whitesburg	35802	256-881-2261
AR	1184	Relentless Restaurants, LLC	7821 Alcoa Road	Benton	72019	501-316-4027
AR	1175	Roundtable Enterprises, LLC	1040 South Amity Road, Suite J	Conway	72032	501-697-9444
AR	1073	Relentless Restaurants, LLC	637 E. Joyce Blvd., Suite 104	Fayetteville	72703	479-856-6395
AR	1189	Dubberly, LLC	4801 Phoenix Avenue	Fort Smith	72903	479- 397-1300
AR	1042	Roundtable Enterprises 2, LLC	1412 Higdon Ferry Road	Hot Springs	71913	501-321-4221
AR	1127	Roundtable Enterprises, LLC	1408 E Highland Drive	Jonesboro	72401	870-333-5778
AR	1069	Roundtable Enterprises 2, LLC	314 S. University Avenue, Suite 180	Little Rock	72205	501-663-6395
AR	1120	Relentless Restaurants, LLC	5100 W. Pauline Whitaker Pkwy, Ste 101	Rogers	72758	479-876-8833
CO	1190	New Eats Fort Collins, LLC	1700 S. College Avenue	Fort Collins	80525	970-829-0002
CO	1133	Front Range Fast Casual, LLC	10012 Commons Street	Lone Tree	80124	720-630-7871
FL	1144	Fast-One of FL, Inc.	4041 Plaza Boulevard	Gainesville	32608	352-559-5111
GA	1154	C&P Retail Investments, LLC	717 N. Westover Blvd.	Albany	31707	229-405-9895
GA	1182	Barkin Eateries, LLC	1850 Epps Bridge Pkwy, Suite 109	Athens	30606	706-543-5700
GA	1187	Barkin Eateries, LLC	700 Baxter Street	Athens	30605	706-510-6545
GA	1198	Barkin Eateries, LLC	620 S. Lumpin Street- Amos Hall (UGA)	Athens	30605	706-542-8100
GA	1043	Glacier Hospitality, LLC	305 Brookhaven Avenue, Suite A 1100	Atlanta	30319	678-365-4410
GA	1129	Glacier Hospitality, LLC	2249 Cummings Hwy, #112	Canton	30115	770-213-3081

EXHIBIT E TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISED RESTAURANTS
(as of December 31, 2025)

STATE	NO.	FRANCHISEE NAME	ADDRESS	CITY	ZIP	PHONE NUMBER
GA	1157	Columbus Eatery, LLC	5555 Whittlesey Blvd., Suite 1920	Columbus	31909	706-530-4454
GA	1088	GH Perimeter, LLC	1181 Hammond Drive, Suite 1000	Dunwoody	30346	770-351-6811
GA	1090	Seeds to Summit, LLC	195 Cobb Parkway	Kennesaw	30152	470-260-0021
GA	1046	WOW Foods, LLC	368 Newnan Crossing Bypass	Newnan	30265	678-854-0156
GA	1094	NEC the Forum, LLC	5185 Peachtree Parkway, Suite 105	Norcross	30092	470-542-1490
GA	1172	WOW Foods, LLC	100 Line Creek Circle	Peachtree City	30269	770-727-4007
GA	1139	GH Smyrna, LLC	1405 Spring Rd., SE	Smyrna	30080	770-261-1095
GA	1196	Boro Foods, LLC	23860 Highway East	Statesboro	30461	912-225-3106
GA	1147	Tucker Eatery, LLC	4280 Lavista Rd.	Tucker	30084	678-680-8817
KS	1199	Nuke It, LLC	10310 E. 13th Street, Suite 112	Wichita	67206	316-347-7707
LA	1048	Quail Ridge Enterprises, Inc.	2501 Beene Boulevard, Suite 100	Bossier City	71111	318-747-2228
LA	1195	R&R Restaurants of Mandeville, Inc.	2895 Highway 190, Suite 200	Mandeville	70471	985-231-2312
LA	1035	NELA Dining, LLC	2320 Tower Drive	Monroe	71201	318-387-8484
LA	1079	Bulldog Dining, LLC	301 South Vienna	Ruston	71270	318-254-7010
LA	1021	Quail Ridge Enterprises, Inc.	7423 Youree Drive, Suite 100	Shreveport	71105	318-797-2520
LA	1076	Rebel Dining, LLC	811 Splane Drive	West Monroe	71291	318-329-1922
MD	1063	SWR Concepts, Inc.	1360 Main Chapel Way	Gambrills	21054	443-302-2734
MS	1018	R&R Restaurants of Brandon, Inc.	120 Stribling Lane, Suite A	Brandon	39042	601-709-3133
MS	1039	R&R Restaurants of Byram, Inc.	301 Handley Drive	Byram	39272	769-257-7123
MS	1026	Gulf Diners, LLC	3883 Promenade Parkway	D'Iberville	39540	228-392-3131
MS	1036	Coast Diners, LLC	10381 Old Highway 49	Gulfport	39503	228-832-4960
MS	1005	NKS of Hattiesburg, LLC	4700 Hardy Street, Suite AA	Hattiesburg	39402	601-602-0189
MS	1194	R&R Restaurants of Magee, LLC	1740 Simpson Highway 49, Suite 1	Magee	39111	601-439-6395
MS	1134	Meridian Eatery 1, LLC	103 S. Frontage Road	Meridian	39301	601-621-4536
MS	1002	Mooney Restaurant Ventures, Inc.	3075 East Goodman Road, Suite 10	Southaven	38671	662-536-4307
MS	1041	MDH Foods LLC	132 Highway 12 West	Starkville	39759	662-323-6395
MS	1020	MDH Foods LLC	3974 N. Gloster	Tupelo	38804	662-844-4450
OK	1178	Relentless Restaurants, LLC	3361 Cherokee Springs Road	Tahlequah	74464	918-871-4725

EXHIBIT E TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISED RESTAURANTS
(as of December 31, 2025)

STATE	NO.	FRANCHISEE NAME	ADDRESS	CITY	ZIP	PHONE NUMBER
TN	1006	Mooney Restaurant Ventures, Inc.	3680 South Houston Levee Rd, Ste. 106	Collierville	38017	901-861-1221
TN	1053	Roundtable Enterprises Tennessee, LLC	9261 Kingston Pike, Suite 210	Knoxville	37922	865-692-5301
TN	1032	Mooney Restaurant Ventures, Inc.	5336 Poplar Avenue	Memphis	38117	901-820-0415
TX	1027	Austin Eatery 1, LLC	9722 Great Hills Trail, Suite 130	Austin	78759	512-795-7507
TX	1031	College Station Eatery 1, LLC	1613 University Drive	College Station	77840	979-268-3300
TX	1007	Tucrow Dining, LLC	25712 Northwest Freeway, Suite A	Cypress	77429	281-758-1300
TX	1166	Fort Worth NKS, LLC	3556 Highway 114, Suite 114	Fort Worth	76177	682-747-6161
TX	1148	AVKY Solutions, LLC	6750 Gaylord Parkway, Suite 190	Frisco	75034	214-494-4602
TX	1085	Houston Eatery 2, LLC	9454 Katy Freeway	Houston	77055	832-917-0500
TX	1188	NKS Broadway LBK, LLC	1500 Broadway Street #101B	Lubbock	79401	806-696-7770
TX	1180	New Eats San Angelo, LLC	5582 Sherwood Way, Suite 100	San Angelo	76905	325-716-4610
TX	1179	CTM Hospitality, LLC	3001 Mall Drive	Texarkana	75503	903-303-2501
TX	1033	Waco Eatery1, LLC	2716 West Loop 340	Waco	76711	254-662-0361

EXHIBIT F TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES AND AREA DEVELOPERS WHO HAVE LEFT THE SYSTEM
(as of December 31, 2025)

During the last fiscal year, the following franchisees voluntarily ceased to conduct business at one or more locations:

Roundtable Enterprises 2, LLC
(Little Rock (Pleasant Ridge), Arkansas)
weswilliams4@gmail.com

Dubberly, LLC
(Bentonville, Arkansas)
whitepartner20@gmail.com

During the last fiscal year, the following area developers were parties to one or more area development agreements that were terminated:

CTM Hospitality, LLC
mike.cox@wendxxinc.net

During the last fiscal year, the following franchisees transferred one or more locations:

JMH Dining, LLC
mcollins@jmhdining.com

Byram Café Group, LLP
Restaurant #1, L.P.
rsm@mh.ventures.com

New Eats San Angelo, LLC
marc.rogers@rogersmgmtco.com

EXHIBIT G TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, Newk's Holding Company, LLC, a Mississippi limited liability company (the "Guarantor"), located at 2680 Crane Ridge Drive, Jackson, Mississippi 39216, absolutely and unconditionally guarantees to assume the duties and obligations of Newk's Franchise Company, LLC, located at 2680 Crane Ridge Drive, Jackson, Mississippi 39216 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This Guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Jackson, Mississippi on this 20th day of April 2026.

Guarantor:

NEWK'S HOLDING COMPANY, LLC

By: _____

Name: Christopher Cheek

Title: Chief Development Officer

Newk's Holding Company, LLC

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2025, 2024, and 2023

Newk's Holding Company, LLC
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December 31, 2025, 2024, and 2023

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Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

Independent Auditor's Report

Member
Newk's Holding Company, LLC
Jackson, Mississippi

Opinion

We have audited the consolidated financial statements of Newk's Holding Company, LLC and subsidiaries (Company), which comprise the consolidated balance sheets as of December 31, 2025, 2024, and 2023, and the related consolidated statements of operations, member's deficit, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 2024, and 2023, and the results of its operations and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Forvis Mazars, LLP

Dallas, Texas
April 17, 2026

Newk's Holding Company, LLC
Consolidated Balance Sheets
December 31, 2025, 2024, and 2023

	2025	2024	2023
ASSETS			
Current Assets			
Cash	$ 4,830,152	$ 9,661,071	$ 4,390,624
Restricted cash	1,765,148	2,127,151	1,970,892
Accounts receivable	1,799,470	1,585,569	1,650,328
Insurance receivable	-	1,000,000	-
Inventories	590,724	568,948	572,936
Prepaid expenses	554,320	573,836	1,061,197
Total Current Assets	9,539,814	15,516,575	9,645,977
Property and Equipment, Net	5,146,472	4,781,734	5,367,735
Other Assets			
Goodwill	2,597,791	2,983,941	3,945,349
Intangible assets	-	-	646,810
Right-of-use assets – operating leases	14,703,613	12,811,402	15,607,573
Other	188,221	215,670	221,901
Total Other Assets	17,489,625	16,011,013	20,421,633
Total Assets	$ 32,175,911	$ 36,309,322	$ 35,435,345
LIABILITIES AND MEMBER'S DEFICIT			
Current Liabilities			
Current portion of long-term debt	$ 2,544,800	$ 2,039,324	$ 2,053,621
Current portion of operating lease liabilities	3,301,817	3,671,958	3,868,275
Accounts payable	1,568,589	1,891,909	1,332,637
Accrued expenses	2,501,440	4,015,318	3,488,358
Contract liabilities – current portion of unearned franchise revenue and customer loyalty obligation	591,146	619,758	586,109
Gift cards payable, net	728,484	836,151	1,074,975
Total Current Liabilities	11,236,276	13,074,418	12,403,975
Noncurrent Liabilities			
Long-term debt, net of current portion and unamortized debt issuance costs	26,659,549	22,488,768	24,369,356
Operating lease obligations	11,769,418	9,497,713	12,174,509
Contract liabilities – unearned franchise revenue, net of current portion	1,028,729	1,048,260	1,283,831
Total Noncurrent Liabilities	39,457,696	33,034,741	37,827,696
Member's Deficit	(18,518,061)	(9,799,837)	(14,796,326)
Total Liabilities and Member's Deficit	$ 32,175,911	$ 36,309,322	$ 35,435,345

Newk's Holding Company, LLC
Consolidated Statements of Operations
Fiscal Years Ended December 31, 2025, 2024, and 2023

	2025 (52 Weeks)	2024 (52 Weeks)	2023 (52 Weeks)
Revenues			
Restaurant sales	$ 63,573,926	$ 65,574,056	$ 63,860,545
Bakery sales	1,879,725	1,670,702	1,705,880
Franchise fees	281,875	308,182	529,496
Royalty income	7,098,033	7,211,670	7,533,330
Marketing fees	2,662,241	2,634,260	2,739,228
Management fees	-	-	70,068
Rebate income	1,599,504	1,459,767	1,475,653
	77,095,304	78,858,637	77,914,200
Costs and Expenses			
Restaurant expenses			
Food and paper/packaging costs	19,002,715	19,410,812	20,104,449
Labor costs	17,981,408	18,556,107	18,635,489
Occupancy and other operating	17,952,979	18,336,049	17,716,230
Impairment losses	-	82,936	-
Loss on disposal of property and equipment	311,503	178,344	225
	55,248,605	56,564,248	56,456,393
General and administrative expenses			
Payroll and employee benefits	4,743,365	5,781,114	6,834,698
Occupancy and other operating	6,828,829	5,218,317	7,855,929
Depreciation and amortization	1,924,005	3,930,557	10,454,562
	13,496,199	14,929,988	25,145,189
Total Costs and Expenses	68,744,804	71,494,236	81,601,582
Operating Income (Loss)	8,350,500	7,364,401	(3,687,382)
Nonoperating Income (Expense)			
Interest expense	(2,279,973)	(2,524,150)	(1,727,528)
Other income, net	2,808	156,238	153,519
	(2,277,165)	(2,367,912)	(1,574,009)
Net Income (Loss)	$ 6,073,335	$ 4,996,489	$ (5,261,391)

Newk's Holding Company, LLC
Consolidated Statements of Member's Deficit
Fiscal Years Ended December 31, 2025, 2024, and 2023

Balance, January 1, 2023	$ 2,053,684
Distribution to Parent	(11,588,619)
Net loss	(5,261,391)
Balance, December 31, 2023	(14,796,326)
Net income	4,996,489
Balance, December 31, 2024	(9,799,837)
Distribution to Parent	(14,791,559)
Net income	6,073,335
Balance, December 31, 2025	$ (18,518,061)

Newk's Holding Company, LLC
Consolidated Statements of Cash Flows
Fiscal Years Ended December 31, 2025, 2024, and 2023

	2025 (52 Weeks)	2024 (52 Weeks)	2023 (52 Weeks)
Operating Activities			
Net income (loss)	$ 6,073,335	$ 4,996,489	$ (5,261,391)
Items not requiring cash			
Depreciation and amortization	1,924,005	3,930,557	10,454,562
Noncash operating lease expense	4,246,002	3,620,272	2,977,365
Loss on disposal of property and equipment	311,503	178,344	225
Impairment losses	-	82,936	-
Amortization of debt issuance costs	152,339	155,355	-
Changes in			
Accounts receivable	(213,901)	64,759	665,242
Inventories	(21,776)	3,988	114,708
Prepaid expenses	19,516	487,361	(251,210)
Other assets	27,449	6,231	(34,980)
Accounts payable	(323,320)	559,272	(359,183)
Accrued expenses	(513,878)	(473,040)	296,626
Unearned franchise revenue	(48,143)	(201,922)	(74,825)
Operating lease liabilities	(4,236,649)	(3,697,214)	(2,938,570)
Gift cards payable, net	(107,667)	(238,824)	(159,899)
Net Cash Provided by Operating Activities	7,288,815	9,474,564	5,428,670
Investing Activities			
Proceeds from sale of property and equipment	-	-	28,539
Purchases of property and equipment	(2,214,096)	(1,172,618)	(1,050,884)
Business acquisitions	-	(825,000)	(1,035,000)
Net Cash Used in Investing Activities	(2,214,096)	(1,997,618)	(2,057,345)
Financing Activities			
Proceeds from borrowing on long-term debt	6,691,562	-	26,396,451
Principal payments on long-term debt	(2,167,644)	(2,050,240)	(22,022,647)
Member distributions	(14,791,559)	-	(11,588,619)
Net Cash Used in Financing Activities	(10,267,641)	(2,050,240)	(7,214,815)
Increase (Decrease) in Cash and Restricted Cash	(5,192,922)	5,426,706	(3,843,490)
Cash and Restricted Cash, Beginning of Year	11,788,222	6,361,516	10,205,006
Cash and Restricted Cash, End of Year	$ 6,595,300	$ 11,788,222	$ 6,361,516

Newk's Holding Company, LLC
Consolidated Statements of Cash Flows
Fiscal Years Ended December 31, 2025, 2024, and 2023 **(Continued)**

	2025 (52 Weeks)	2024 (52 Weeks)	2023 (52 Weeks)
Supplemental Cash Flows Information			
Interest paid	$ 2,280,835	$ 2,442,411	$ 1,716,296
Right-of-use assets obtained in exchange for new operating lease liabilities (including renewals)	$ 6,138,213	$ 824,101	$ 1,809,042
Business acquisition included in accounts payable	$ -	$ -	$ 35,000

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Formed in 2014 under the laws of the State of Delaware, Newk's Holdings, LLC (Newk's, Newk's Eatery, or Holdings) is the sole member of Newk's Holding Company, LLC (NHC or collectively with its subsidiaries, Company). NHC, a Mississippi limited liability company, is the sole member of the following entities:

- Newk's Franchise Company, LLC (NFC)
- Newco Dining, LLC (Newco)
- Newk's National Marketing Company, LLC (Marketing)
- Newk's Bakery, LLC (Newk's Bakery)

As of the close of business on November 16, 2023, all of the equity interests in Holdings were acquired by Newk's Super Holdco, LLC (Super) in a unit purchase agreement (Agreement). The acquisition of Holdings was accounted for under the acquisition method of accounting; however, the purchase price was not pushed down to the Company, resulting in no change of basis of accounting at the Holdings level.

NHC and its subsidiaries operate a fast casual restaurant business and a franchising business under the names Newk's and Newk's Eatery. NHC, through its subsidiary, Newk's Bakery, operates the bakery business described below. Newk's Eatery locations specialize in fresh, made-to-order sandwiches, salads, soups, and handcrafted pizzas.

Store locations at the end of the year were as follows:

	2025	2024	2023
Company owned	28	29	29
Franchised	69	66	68

These locations are in 13 states throughout the United States.

NFC licenses to its franchisees the right to operate restaurants under the Newk's Eatery system and proprietary marks and other intellectual property. NFC also supports franchisees in their operations through various methods, including management services, quality review, operations consulting, and marketing. In addition, the franchisees benefit from shared services in the form of group discounts and advantageous purchasing contracts. Newk's franchisees pay NFC a royalty fee of 5% of net sales on a weekly basis. During 2023, the Company's last contracts for providing management services ended.

Newco owns and operates company-owned restaurants. Newk's Bakery produces cakes and dessert treats to be sold at all Newk's Eatery locations. Newk's Bakery sells the products to a national broad line distributor who then resells the products to company-owned and franchised Newk's Eatery restaurants.

Marketing was formed to collect and spend marketing funds to promote the Newk's brand. Each company-owned and franchised Newk's Eatery unit contributes 1.75% of net sales to a segregated bank account to be used to promote the brand as a whole.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

The Company typically operates on a fiscal year composed of 13 four-week periods. Fiscal years 2025, 2024, and 2023 ended on December 31, 2025, December 31, 2024, and December 31, 2023, respectively.

Cash

Cash includes cash in banks, as well as credit card receipts in process.

At December 31, 2025, the Company's cash accounts exceeded federally insured limits by approximately $5,051,000.

At December 31, 2025, 2024, and 2023, the Company had $1,765,148, $2,127,151, and $1,970,892, respectively, of cash that has been internally restricted to settle gift card liabilities.

Cash and restricted cash are reflected in the accompanying consolidated balance sheets as follows:

	2025	2024	2023
Cash	$ 4,830,152	$ 9,661,071	$ 4,390,624
Restricted cash	1,765,148	2,127,151	1,970,892
Total cash shown in the consolidated statements of cash flows	$ 6,595,300	$ 11,788,222	$ 6,361,516

Receivables

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and current economic conditions as of balance sheet date, if applicable. The Company considers all receivables, which are unsecured, to be collectible, and no provision for credit losses or notes has been established as of December 31, 2025, 2024 and 2023.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Royalty payments are due by the third business day following the close of each week. Accounts past due more than one week are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

The Company has elected to use the practical expedient provided in ASC 326-20 that allows entities to assume that current conditions as of the balance sheet date do not change for the remaining life of the current accounts receivable and current contract assets. The Company has also made an accounting policy election to consider cash collection activity after the balance sheet date when estimating expected credit losses on current accounts receivable and current contract assets.

Inventories

Inventories consist of food and gift cards. Inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment acquisitions are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Equipment	5–10 years
Leasehold improvements	5–20 years
Small wares	3–5 years

The Company evaluates each purchase transaction to determine whether the acquired assets meet the definition of a business. If substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, then the set of transferred assets and activities is not a business. If not, for an acquisition to be considered a business, it would have to include an input and a substantive process that together significantly contribute to the ability to create outputs (*i.e.*, there is a continuation of revenue before and after the transaction). A substantive process is not ancillary or minor; cannot be replaced without significant costs, effort, or delay; or is otherwise considered unique or scarce. To qualify as a business without outputs, the acquired assets would require an organized workforce with the necessary skills, knowledge, and experience that performs a substantive process.

For acquisitions that are not deemed to be businesses, the assets acquired are recognized based on their cost to the Company as the acquirer, and no gain or loss is recognized. The cost of assets acquired in a group is allocated to individual assets within the group based on their relative fair values and does not give rise to goodwill. Transaction costs related to acquisition of assets are included in the cost basis of the assets acquired.

See Note 9 for additional information about the business combinations in 2024 and 2023.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Impairment losses of approximately $0, $83,000, and $0 were recognized during the fiscal years ended December 31, 2025, 2024, and 2023, respectively, related to locations sold, pending sale as of year-end, or whose undiscounted estimated future cash flows expected to result from the use and eventual disposition of the assets are less than the carrying amount of the assets.

Goodwill and Intangible Assets

The Company elected the private company accounting alternative for identifiable intangible assets in a business combination. Under this alternative, certain customer-related intangible assets and noncompetition agreements are subsumed into goodwill and are no longer required to be recognized separately in the accounting for a business combination. This election does not change accounting for intangible assets that existed prior to adopting the intangible assets accounting alternative.

The Company also has elected the private company accounting alternative for amortizing goodwill. Under this alternative, goodwill is amortized on a straight-line basis over 10 years. The Company tests goodwill for impairment when there is a triggering event indicating that the fair value of the Company may be below its carrying amount. The Company also elected the accounting alternative for evaluating goodwill impairment triggering events and performs a goodwill impairment triggering event evaluation only as of the end of each reporting period.

In testing goodwill for impairment, the Company has the option first to perform a qualitative assessment to determine whether it is more likely than not that goodwill is impaired, or the Company can bypass the qualitative assessment and proceed directly to the quantitative test by comparing the carrying amount, including goodwill, of the Company with its fair value. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of a Company, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

No impairment losses were recognized in the fiscal years ended December 31, 2025, 2024, or 2023.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its buildings.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company does not record leases with an initial term of 12 months or less on the consolidated balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Unamortized Debt Issuance Costs

In connection with the issuance of debt during August 2025, the Company has incurred financing costs totaling approximately $152,000, which is being amortized over the term of the related debt. In connection with the issuance of debt during November 2023, the Company has incurred financing costs totaling approximately $690,000, which is being amortized over the term of the related debt.

The balance of unamortized debt issuance costs was approximately $535,000, $535,000, and $690,000 as of December 31, 2025, 2024, and 2023, respectively, which is reported as a reduction to long-term debt. Approximately $152,000, $155,000, and $0 was amortized into interest expense during the fiscal years ended December 31, 2025, 2024, and 2023, respectively.

Contract Liabilities and Deferred Revenue

Contract liabilities represent the Company's obligation to transfer goods or services to a customer when consideration has been received from the customer. Under Topic 606, a contract liability is referred to as deferred revenues, which is defined as revenue from initial franchise fees as documented in each franchise agreement which is deferred and recognized over the periods to which the fees relate or the original term of the franchise agreement. The Company has a current liability related to these liabilities for which it expects to satisfy or earn within the next 12 months and noncurrent liabilities they will earn over the remaining amortization period.

Gift Cards Payable

All of the restaurants offer gift cards for purchase by customers. Gift cards may be used by customers for purchases at any of the Newk's locations. There are no expiration dates on the gift cards, and there are no service fees charged that cause a decrement to the balance of the card.

On a weekly basis, the proceeds from the sale of gift cards by the franchisees and affiliated restaurants, net of customer redemptions, are remitted to the Company. In any week, if a franchisee or affiliate had more redemptions than sales of gift cards, the Company remits the net amount to the franchisee or affiliate. Accordingly, the Company has recorded a liability representing the proceeds remitted to the Company from the sale of gift cards by franchisees and affiliates, net of customer redemptions, which represents issued and unredeemed gift cards, net of estimated breakage.

Based on historical redemption rates, a percentage of gift cards will never be redeemed and is referred to as "breakage." Historically, these breakage amounts were remitted to the State of Mississippi in accordance with the state's escheatment laws. During 2022, Newk's Marketing Company, LLC changed its state of domicile to Tennessee and, therefore, now follows that state's escheatment laws.

Income Taxes

The Company's member has elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of state income tax law. Therefore, taxable income or loss is reported to the individual member for inclusion in its respective tax returns, and no provision for federal and state income taxes is included in these consolidated financial statements.

Revenue Recognition

The Company earns an initial franchise fee and ongoing royalty fees under the Company's franchise agreements. Initial franchise fees, royalties, and franchisee contributions to the advertising fund are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement. As such, these franchise fees are recognized over the contractual term of the franchise agreement, generally 10 years. The Company records a contract liability for the unearned portion of the initial franchise fees.

Royalty fees and marketing and advertising revenues are based on a percentage of sales and are recorded as revenue based on the occurrence of the underlying franchisee sales transactions.

The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. See Note 11 for additional information about the Company's revenue.

The Company is applying an accounting policy election that allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes we collect concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

The Company elected a practical expedient that allows an entity to recognize the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less, or if the reason the contract extended beyond one year is because the timing of delivery of the product is at the customer's discretion. Although the Company may receive franchise fees more than a year prior to store openings, the timing and delivery of services are variable. Therefore, these amounts are not presented on a present value basis.

Limited Liability to Member

The rights and obligations of Holdings (member), the sole equity holder of the Company, are governed by an operating agreement. The operating agreement provides that the member of Newk's Holding Company, LLC will not be liable for obligations or liabilities of the Company, except as to the extent provided by the *Mississippi Limited Liability Company Act* of the State of Mississippi.

Pursuant to limited liability statutes of Mississippi, a person who is a member of a limited liability company is not liable for a debt, obligation, or liability of the limited liability company, whether arising in contract, tort, or otherwise or for the acts or omissions of any other member, agent, or employee of the limited liability company.

Note 2. Inventories

	2025	2024	2023
Restaurant	$ 505,229	$ 491,180	$ 493,907
Bakery	85,495	77,768	79,029
	$ 590,724	$ 568,948	$ 572,936

Note 3. Property and Equipment, Net

	2025	2024	2023
Equipment	$ 15,068,045	$ 14,531,104	$ 14,091,640
Leasehold improvements	7,812,132	7,077,692	6,924,024
Small wares	192,992	229,468	233,078
	23,073,169	21,838,264	21,248,742
Accumulated depreciation	(17,926,697)	(17,056,530)	(15,881,007)
	$ 5,146,472	$ 4,781,734	$ 5,367,735

Depreciation expense of $1,537,855, $1,572,339, and $1,601,993 was recognized for the fiscal years ended December 31, 2025, 2024, and 2023, respectively.

Note 4. Acquired Intangible Assets and Goodwill

The carrying basis and accumulated amortization of recognized intangible assets at December 31:

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization
December 31, 2025			
Trade name	10 years	$ 18,834,880	$ (18,834,880)
Franchise relationships	10 years	9,193,578	(9,193,578)
Goodwill	10 years	61,470,719	(58,872,928)
		$ 89,499,177	$ (86,901,386)
December 31, 2024			
Trade name	10 years	$ 18,834,880	$ (18,834,880)
Franchise relationships	10 years	9,193,578	(9,193,578)
Goodwill	10 years	61,470,719	(58,486,778)
		$ 89,499,177	$ (86,515,236)
December 31, 2023			
Trade name	10 years	$ 18,834,880	$ (18,400,229)
Franchise relationships	10 years	9,193,578	(8,981,419)
Goodwill	10 years	60,720,719	(56,775,370)
		$ 88,749,177	$ (84,157,018)

Amortization expense for the fiscal years ended December 31, 2025, 2024, and 2023 was $386,150, $2,358,218, and $8,852,569, respectively, related to the above amortizable intangible assets.

Estimated amortization expense for each of the following five years and thereafter is:

2026	$ 386,150
2027	386,150
2028	386,150
2029	386,150
2030	386,150
Thereafter	667,041
	$ 2,597,791

The increase in the gross carrying amount of goodwill in 2024 represents the excess of the purchase price over the estimated fair value of net assets acquired in business combinations that occurred during that fiscal year (see Note 9).

Note 5. Leases

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

The Company leases office space and stores for restaurant operations that expire in various years through 2037. These leases generally contain renewal options for periods ranging from 2 to 5 years and require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which range from a 0% to 10% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Short-Term Leases

The Company leases certain equipment on a seasonal demand. The expected lease terms are less than 12 months. Total lease expense included in operating expenses for the fiscal years ended December 31, 2025, 2024, and 2023 was approximately $220,000, $48,000, and $179,000, respectively.

All Leases

The Company has one related-party lease (see Note 8).

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information are as follows for the fiscal years ended December 31:

	2025	2024	2023
Lease cost			
Operating lease cost	$ 3,926,630	$ 4,152,167	$ 4,019,983
Short-term lease cost	220,000	48,000	178,808
Variable lease cost	788,365	768,585	774,281
Total lease cost	$ 4,934,995	$ 4,968,752	$ 4,973,072
Other information			
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,236,649	$ 3,697,214	$ 2,938,570
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 6,138,213	$ 824,101	$ 6,771,329
Weighted-average remaining lease term			
Operating leases	5.8 years	6.7 years	6.3 years
Weighted-average discount rate			
Operating leases	3.07%	2.39%	1.95%

Future minimum lease payments and reconciliation to the consolidated balance sheet are as follows at December 31, 2025:

2026	$ 3,696,245
2027	3,255,183
2028	2,658,240
2029	2,072,449
2030	1,833,162
Thereafter	3,072,768
Total future undiscounted lease payments	16,588,046
Less interest	(1,516,811)
Lease liabilities	$ 15,071,235

Note 6. Long-Term Debt

	2025	2024	2023
Note payable, bank[(A)], net of unamortized debt issuance costs	$ 29,204,349	$ 24,520,287	$ 26,396,451
Other	-	7,805	26,526
	29,204,349	24,528,092	26,422,977
Less current maturities, net of current portion of unamortized debt issuance costs	(2,544,800)	(2,039,324)	(2,053,621)
	$ 26,659,549	$ 22,488,768	$ 24,369,356

(A) In November 2023, the Company and an affiliate (controlled by common ownership) collectively, the Borrowers and Guarantors entered into an amended and restated agreement (Agreement) with Truist Bank (Truist), where Borrowers are liable on a joint and several basis. The Truist Agreement included a $55,000,000 Term Loan and a $7,500,000 Revolver. The Company's portion of the Revolver is the ability to draw up to $3,000,000. The Company's portion of the Term Loan is stated at 49.248%, as agreed by the affiliate, or $27,086,917 in total. The interest rate for the Term Loan and Revolver is equal to the sum of the Applicable Margin plus Adjusted Term SOFR applicable for such interest period. Principal on the Term Loan is payable in quarterly installments of $1,031,250 beginning March 31, 2024. The Company's portion of the quarterly installments is $507,880. The Truist Term Loan and any outstanding Revolver are due November 2028.

In August 2025, the Company and an affiliate (controlled by common ownership) collectively, the Borrowers and Guarantors entered into an amended and restated agreement (Agreement) with Truist Bank (Truist), where Borrowers are liable on a joint and several basis. The First Amendment Term Loans (First) included additional borrowings of $13,687,500 to the Term Loan. The Company's portion of the additional borrowings is stated at 50.000%, as agreed by the affiliate, or $6,843,750 in total. The interest rate for the additional borrowings is equal to the sum of the Applicable Margin plus Adjusted Term SOFR applicable for such interest period. Principal on the additional borrowings is payable in quarterly installments of $256,641 beginning December 31, 2025. The Company's portion of the quarterly installments is $128,320. The additional borrowings are due November 2028.

Unamortized debt issuance costs were approximately $535,000 at December 31, 2025 and 2024, respectively, for the Company. The payment and performance of the term loan should at all times be guaranteed by Newk's Acquisition, LLC and affiliates' Holdings (collectively, Holdings) and each direct and indirect Subsidiary of Borrowers (collectively, Guarantors). The term loan shall also be secured by valid, perfected, and enforceable liens on all right, title, and interest of Borrowers and Guarantors in substantially all assets of Borrowers and Guarantors.

At December 31, 2025 and 2024, the Company had a revolving line of credit with a maximum borrowing limit of $7,500,000, for which the Company's portion is $3,000,000, expiring in November 2028. At December 31, 2025 and 2024, there was no balance outstanding on this loan. Interest is equal to the Base Rate plus an Applicable Margin, as defined or is equal to the Secured Overnight Financing Rate (SOFR) plus an Applicable Margin, as defined. There is also an unused commitment fee of 0.25% per annum.

In connection with this Agreement, the Company is required, among other things, to maintain certain financial conditions and other restrictive covenants.

Aggregate annual maturities of long-term debt at December 31, 2025:

2026	$ 2,544,800
2027	2,544,800
2028	24,114,749
	$ 29,204,349

Note 7. Profit-Sharing Plan

The Company has a 401(k) profit-sharing plan covering full-time employees with one year of service and 21 years of age. The Company makes annual contributions of up to 4% of eligible compensation plus discretionary contributions, if any, as determined by the Company's board of directors. The Company's contributions to the plan were approximately $233,000, $242,000, and $243,000 for the fiscal years ended December 31, 2025, 2024, and 2023, respectively, and are presented within restaurant expenses – labor costs and general and administrative expenses – payroll and employee benefits in the accompanying consolidated statements of operations.

Note 8. Related-Party Transactions

The Company rents its bakery facility under an operating lease with a limited liability company whose members have indirect ownership in the Company. The lease is currently month to month. Lease payments for each of the fiscal years ended December 31, 2025, 2024, and 2023 were $48,000.

Super authorized the issuance of class P units in Super. Super believes such awards better align the interests of the Company employees with those of its unitholders. Fifty percent of the units granted generally vest in equal installments over five years of service. Fifty percent of the units granted contain performance vesting conditions related to change in control events that the Company has determined is not probable of achievement as of December 31, 2025. As of December 31, 2025, there were 6,219,847 of Class P units granted and outstanding of which 545,840 were granted during the year ended December 31, 2025, including 567,407 of vested Class P units. For the years ended December 31, 2025 and 2024, there has been no recognized compensation cost recorded by the Company.

Note 9. Business Combinations

During 2024, the Company acquired a business through an asset purchase agreement related to one franchisee-owned store in Texas for approximately $825,000. As a result of the acquisition, the Company will have an opportunity to increase its service area.

The following table summarizes the consideration paid for the store and the fair values of the assets and liabilities at the acquisition date.

Fair Value of Consideration Transferred	
Cash	$ 825,000
Total consideration	825,000
Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed	
Property, plant, and equipment	75,000
Right-of-use assets – operating leases	757,124
Lease liabilities	(757,124)
Total identifiable net assets	75,000
Goodwill	$ 750,000

During 2023, the Company acquired businesses through asset purchase agreements related to two franchisee-owned stores in Texas for approximately $850,000. As a result of the acquisitions, the Company will have an opportunity to increase its service area in the surrounding areas.

The following table summarizes the consideration paid for the stores and the fair values of the assets and liabilities at the acquisition date.

Fair Value of Consideration Transferred	
Cash	$ 815,000
Consideration included in accounts payable	35,000
Total consideration	850,000
Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed	
Property, plant, and equipment	850,000
Right-of-use assets – operating leases	1,405,745
Lease liabilities	(1,405,745)
Total identifiable net assets	850,000
Goodwill	$ -

Note 10. Significant Estimates and Concentrations

General Litigation

In the normal course of business, the Company is, from time to time, subject to allegations that may result in litigation. The Company evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each.

Concentrations

Approximately 90% of food purchases were from one vendor during each of the years 2025, 2024, and 2023.

Note 11. Revenue From Contracts With Customers

Performance Obligations

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring distinct goods or providing services to customers. The Company's revenue consists primarily of food sales and services provided to franchisees. Revenue is reported net of discounts, incentives, returns, and other allowances offered to customers. The Company recognizes food sales revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when food is delivered to the customer. Revenue also includes income for gift cards. Gift card payments are recorded as deferred income when received and are recognized as revenue upon redemption.

Consideration from franchise agreements includes franchise fees, royalties, and marketing fees. Under the franchise agreements, the Company provides training, advertising assistance, and other services to franchisees and grants the franchisees the right to use the Company name and to use standard operating procedures. Promised goods and services in the franchise agreements are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement and are provided throughout the term of the agreement. Therefore, franchise fee consideration is recognized as revenue over the term of each respective franchise agreement. Topic 606 generally requires variable consideration to be estimated; however, there is an exception to this requirement for sales-based royalties related to licenses of intellectual property. Royalty and marketing fees are based on a percentage of restaurant sales and are recognized as revenue at the time of those sales. As of December 31, 2025, 2024, and 2023, the performance obligations for unredeemed gift cards were $728,484, $836,151, and $1,074,975, respectively. Gift card breakage income, which is the Company's estimate of the portion of the Company's gift card balance not expected to be redeemed, is recognized in restaurant sales and was approximately $254,000, $415,000, and $231,000 in 2025, 2024, and 2023, respectively.

The Company does not collect royalties from locations wholly owned by its parent company.

Contract Balances

The following table provides information about the Company's contract assets and liabilities from contracts with customers:

	2025	2024	2023
Accounts receivable from customers, beginning of year	$ 294,189	$ 330,146	$ 341,291
Accounts receivable from customers, end of year	$ 235,527	$ 294,189	$ 330,146
Contract liabilities, beginning of year	$ 1,668,018	$ 1,869,940	$ 1,872,633
Contract liabilities, end of year	$ 1,619,875	$ 1,668,018	$ 1,869,940

Loyalty Program

The Company implemented a loyalty program during 2022. Newk's Rewards is a loyalty program that offers benefits to guests who participate. Guests may download the Newk's app or give a phone number in a store to participate. Newk's Rewards users, called loyalty members, also receive exclusive coupons and offers. Loyalty members earn 10 points for every $1 spent and are rewarded with a free slice of cake on their birthday. Extra points can be earned during double points promotions. Loyalty program points are accrued at the estimated retail price per point, net of estimated breakage.

Note 12. Subsequent Events

Subsequent events have been evaluated through April 17, 2026, which is the date the consolidated financial statements were available to be issued.

EXHIBIT H TO THE DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Newk's Franchise Company, LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Newk's Restaurant (the "Franchised Business"). The purpose of this Questionnaire is to ascertain certain information from you in connection with your purchase of the Franchise.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions or inquiries below do not apply to any communications that you had with the transferring Franchisee.

NOTE: DO NOT COMPLETE, ANSWER OR RESPOND TO THE QUESTIONS OR INQUIRIES CONTAINED IN SECTION B OF THIS FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT IF THE OFFER OR SALE OF THE NEWK'S RESTAURANT FRANCHISE TO YOU IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN. THESE QUESTIONS OR INQUIRIES DO NOT APPLY TO YOU.

SECTION A

Please review each of the following questions or inquiries carefully and provide honest and complete answers to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20___.

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

4. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

5. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today, other than payment of an area development fee paid in connection with an Area Development Agreement?

Yes _____ No _____

6. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that the Franchise Agreement nor Addendum is effective until signed and dated by the franchisor.

SECTION B

Please review each of the following questions and inquiries carefully and provide honest and complete answers to each.

1. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

2. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____
_____
_____

3. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Disclosure Document and all exhibits and attachments?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____

5. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

6. Do you understand that the performance of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

7. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

8. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

9. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

* * *

Please understand that your responses to these questions and inquiries in this Franchisee Disclosure Acknowledgment Statement are important to us and that we will rely on them.

In addition, by signing this Questionnaire, you also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged on _____, 20___.

Sign here if you are taking the franchise as an INDIVIDUAL	Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP
_____ Signature Print Name _____ _____ Signature Print Name _____ _____ Signature Print Name _____ _____ Signature Print Name _____	_____ Print Name of Legal Entity By: _____ _____ Signature Print Name _____ Title _____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between Newk's Franchise Company, LLC, a Mississippi limited liability company having its principal place of business located at 2680 Crane Ridge Drive, Jackson, Mississippi 39216 (the "Franchisor"), and _____, an individual residing at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Mississippi law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Mississippi.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: RELEASOR:

_____ _____
(Name)

Witness: NEWK'S FRANCHISE COMPANY, LLC:

_____ By:_____
Name:_____
Title:_____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
Indiana	Pending
Michigan	April 20, 2026
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

(KEEP THIS COPY FOR YOUR RECORDS)

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 Newk's Franchise Company, 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 Newk's Franchise Company, 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 appropriate state agency listed on Exhibit A.

The franchisor is Newk's Franchise Company, LLC, located at 2680 Crane Ridge Drive, Jackson, Mississippi 39216. Its telephone number is (601) 982-1160.

Issuance date: April 20, 2026. See the State Effective Dates page for state related information.

The name, principal business address and telephone number of the franchise seller for this offering is: _____.

We authorize the agents listed in Exhibit A to receive service of process for us in the particular state.

I have received a disclosure document dated April 20, 2026, that included the following Exhibits:

A – List of State Administrators/Agents for Service of Process	F – List of Franchisees and Area Developers Who Have Left The System
B – Franchise Agreement	G – Financial Statements
C – Area Development Agreement	H – Franchisee Disclosure Acknowledgment Statement
D – State Specific Addendum	I – Form of General Release
E – List of Franchisees and Area Developers	

Date:_____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

You may return the signed receipt either by signing, dating and mailing it to Newk's Franchise Company, LLC at 2680 Crane Ridge Drive, Jackson, Mississippi 39216, or by faxing a copy of the signed and dated receipt to Newk's Franchise Company, LLC at (601) 982-1161.

RECEIPT

(RETURN THIS COPY TO US)

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 Newk's Franchise Company, 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 Newk's Franchise Company, 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 appropriate state agency listed on Exhibit A.

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E – List of Franchisees and Area Developers	

Date:_____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

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