

OTC PINK BASIC DISCLOSURE GUIDELINES

**Pursuant to Rule 15c2-(11) (a) (5)
Under the Securities Exchange Act of 1934**

BAGGER DAVE'S BURGER TAVERN, INC.

A Nevada Corporation

**405 Main Avenue West, 2D
(612) 229-8811
www.baggerdaves.com**

CUSIP No: 056646-12

**QUARTERLY REPORT
FOR THE PERIOD ENDING MARCH 31, 2024**

As of March 31, 2024, the number of shares outstanding of our Common Stock was: 27,909,635

As of December 31, 2023, the number of shares outstanding of our Common Stock was: 27,909,635

As of December 25, 2022, the number of shares outstanding of our Common Stock was: 26,909,635

As of March 31, 2024, and December 31, 2023, there were 0 Preferred Class A Stock outstanding

As of September 24, 2023, the number of shares outstanding of our Common Stock was: 26,909,635

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: No:

1) Name and Addresses of the Issuer and its Predecessors (if any)

Bagger Dave's Burger Tavern, Inc. owns and operates six Bagger Dave's "Tavern" restaurants in Michigan, Ohio, and Indiana.

The Company was incorporated in Nevada on May 27, 2016, and is currently in active status with the State.

There have not been any trading suspension orders issued by the SEC concerning the Issuer or its predecessors since inception.

The Company was spun off from Diversified Restaurant Holdings, Inc. on December 25, 2016, via a one-for-one distribution of common shares in Bagger Dave's to DRH shareholders of record on December 19, 2016.

The address(es) of the Issuer's principal executive office:

405 Main Avenue West
Suite 2D
West Fargo ND 58078

The address(es) of the Issuers' place of business:

Issuer owns and operates six restaurants at the following addresses:

2972 Coolidge Highway, Berkley, Michigan 48072
8827 Main Street, Birch Run, Michigan 48415
2817 Kraft Avenue SE, Cascade Twp., Michigan 49512
5299 Cornerstone North Blvd., Centerville, Ohio 45458
50570 Gratiot Avenue, Chesterfield Twp., Michigan 48051
2886 E. Dupont Road, Fort Wayne, Indiana 46825

Check box if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceedings in the past five years?

Yes: No:

2) Security Information

Trading Symbol: BDVB

Exact title and class of securities outstanding: Common Stock

CUSIP: 056645-12

Par or stated value: \$.0001

Total Shares authorized: Common stock 100,000,000; Preferred Stock 10,000,000 as of March 31, 2024, each with a par value of \$.0001

Total Shares Outstanding: Common Stock: 27,909,635 as of March 31, 2024

Number of Shares in the Public Float: 15,111,701 as of March 31, 2024

Total Number of Shareholders of record as of December 31, 2023: 235

All additional class(es) of publicly traded securities (if any):

Preferred Stock Class A: 0 shares outstanding as of December 31, 2023

Transfer Agent

Pacific Stock Transfer Co.

Phone: (702) 361-3033

Email: Joslyn Claiborne - Joslyn@pacificstocktransfer.com

6725 Via Austi Pkwy, Suite 300

Las Vegas, NV 89119

Is the Transfer Agent registered under the Exchange Act: Yes: No:

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Number of Shares outstanding as of: June 28, 2020	<u>Opening Balance:</u> Common: <u>26,909,635</u> Preferred: <u>0</u>								
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
10/1/2023	Issuance	1,000,000	Common	100	No	Michael Solomon	Cash Issuance to Consultant	Restricted	
6/2/2022	Share Cancelled	4,882,304 Canceled	Preferred Class A		No		Cancellation		N/A
Shares Outstanding on: March 31, 2024	<u>Ending Balance:</u> Common: <u>27,909,635</u> Preferred: <u>0</u>								

B. Debt Securities, Including Promissory and Convertible Notes

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, Etc.)

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP
 IFRS

B. The financial statements for this reporting period were prepared by:

Mr. David Ligotti
Title: Accountant
Relationship to Issuer: Accountant

The unaudited financial statements for the fiscal quarter ending March 31, 2024, with corresponding notes prepared, are attached to this report. These financial statements for this reporting period and included in the Financial Statements are the following:

1. Balance Sheets (unaudited)	Quarter ended March 31, 2024
2. Statements of Operations (unaudited)	Quarter ended March 31, 2024
3. Notes to Financial Statements	Quarter ended March 31, 2024

See attached financial statements and footnotes.

5) Description of the Issuer's Business, Products and Services.

- A. Bagger Dave's first restaurant opened in January 2008 in Berkley, Michigan. There are six Bagger Dave's restaurants in operation: four in Michigan, one in Indiana, and one in Ohio. Bagger Dave's owns all rights related to the Bagger Dave's concept. Bagger Dave's is a *multi-service* casual restaurant and bar concept. The concept provides a warm, inviting, and entertaining atmosphere through a friendly guest experience with great fresh food prepared with local ingredients.
- B. No subsidiaries, parents, or affiliated companies
- C. Bagger Dave's specializes in burgers, all-natural lean turkey burgers, hand-cut fries, locally crafted beers on draft, milkshakes, salads, black bean turkey chili, pizza with hot oil, and much more, delivered in a warm atmosphere with friendly service. The concept differentiates itself by the absence of walk-in freezers and microwaves, substantiating our fresh food offerings.

6) Issuer's Facilities

Bagger Dave's Burger Tavern, Inc. owns and operates six Bagger Dave's "Tavern" restaurants located at the following addresses (All six restaurants are in leased locations ranging from 4,000-4,900 square feet):

2972 Coolidge Highway, Berkley, Michigan 48072
8827 Main Street, Birch Run, Michigan 48415
2817 Kraft Avenue SE, Cascade Twp, Michigan 49512
5299 Cornerstone North Blvd., Centerville, Ohio 45458
50570 Gratiot Avenue, Chesterfield Twp., Michigan 48051
2886 E. Dupont Road, Fort Wayne, Indiana 46825

The Company's lease terms typically include renewal options, and frequently require us to pay a proportionate share of real estate taxes, insurance, common area maintenance, and other operating costs. Some restaurant leases provide for contingent rental payments based on sales thresholds.

See footnote six to the financial statements relating to Operating Leases for further lease liability disclosure.

The Company's home office is located in a space shared with BT Brands, Inc., 405 Main Avenue West, Suite 2D, West Fargo, North Dakota 58078. It is approximately 600 sq. feet.

7) Company Insiders (Officers, Directors and Control Persons)

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
BT BRANDS, INC.	Shareholder exceeds 5%	WEST FARGO, ND	11,095,085	Common	39.75%	Controlling Shareholder
Gary Copperud	Officer/Director	WEST FARGO, ND				
Kenneth Brimmer	Officer/Director	WEST FARGO, ND				
Michael Lichocki	Director/President of Operations	Detroit, MI	297,333	Common	1.065%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (Excluding traffic violations and other minor offenses); **NO**
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; **NO**
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding, or judgment has not been reversed, suspended, or vacated; **NO**
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities. **NO**

B. There are no material pending legal proceedings.

9) Third Party Providers

<u>Securities Counsel</u>	<u>Accountant or Auditor</u>	<u>Investor Relations</u>	<u>Other Service Providers:</u>
Richard W. Jones Jones & Haley, P.C. 750 Hammond Drive Atlanta, Georgia 30328-6723 Phone: 770-804-0500 E-mail: jones@corplaw.net	David Ligotti Oakwood Business Services, LLC 555 Briarwood Court UNIT 150 Ann Arbor, MI 48108 Phone: (734) 327-0300, ext. 101 Fax: (734) 327-1330 E-mail: dave@oakwoodsolutions.com	N/A	NONE

BAGGER DAVE'S BURGER TAVERN, INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Bagger Dave's Tavern is a casual restaurant and bar concept. Its first restaurant opened in January 2008 in Berkley, Michigan. As of December 31, 2024, there were six Bagger Dave's restaurants in operation: four in Michigan, one in Indiana and one in Ohio. We have worked to create a concept that provides a warm, inviting, and entertaining atmosphere through a friendly and memorable guest experience.

Bagger Dave's specializes in burgers, all-natural lean turkey burgers, hand-cut fries, locally crafted beers on draft, hand-dipped milkshakes, salads, black bean turkey chili, newly introduced pizza with hot oil and much more, delivered in a warm, hip atmosphere with friendly service.

The Company headquarters are located in the offices of BT Brands, Inc. at 405 Main Avenue West, Suite 2D, West Fargo, North Dakota 58078. We can also be found at www.baggerdaves.com.

We follow accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles in the United States of America ("GAAP") that we follow to ensure we consistently report our financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("ASC").

Basis of Presentation

These consolidated financial statements include the accounts of Bagger Dave's Burger Tavern, Inc., and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

Fiscal Year

The Company utilizes a 52 or 53-week accounting period that ends on the last Sunday in December. Fiscal year 2024 is comprised of 52 weeks. The first quarter 2024 ended on March 31, 2024 and was comprised of 13 weeks, and the first quarter 2023 ended March 26, 2023 and was comprised of 13 weeks.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits in banks. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents. The Company, at times throughout the year, may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits.

Accounts Receivable

Accounts receivable consist of amounts due from third-party delivery services of \$43,927 and \$32,900 in the quarters ended March 31, 2024, and March 26, 2023, respectively. No allowance for doubtful accounts was necessary at either date.

Gift Cards

The Company records Bagger Dave's gift card sales as a gift card liability when sold. When redeemed, the gift card liability account is offset by recording the transaction as revenue. Michigan law states that gift cards cannot expire, and any post-sale fees cannot be assessed until 5 years after the date of gift card purchase by the consumer. The Company believes its historical breakage percentage is approximately 15 percent. Furthermore, based on historical redemption patterns the Company believes that the redemption of gift cards from closed locations is immaterial. Therefore, gift card liability is adjusted for breakage based on redemptions of gift cards at continuing operations and for unredeemed gift cards from closed locations. Breakage income is recognized for this adjustment.

The Company's gift card liability was \$46,757 and \$53,035 as of March 31, 2024 and March 26, 2023, respectively, and is included in other accrued liabilities on the Consolidated Balance Sheets.

Inventory

Inventory consists mainly of food and beverage products and is accounted for at the lower of cost or market using the first in, first out method of inventory valuation. Cash flows related to inventory sales are classified in net cash used by operating activities in the Consolidated Statements of Cash Flows.

Prepaid Assets and Other Long-Term Assets

Prepaid assets consist principally of prepaid rent, bonus, insurance, and contracts and are recognized ratably as operating expense over the period of future benefit. Other long-term assets consist primarily of security deposits for operating leases and utilities.

Property and Equipment

Property and equipment are recorded at cost. Buildings, which includes buildings on leased land, are depreciated using the straight-line method over the shorter of the term of the lease or its estimated useful life, which ranges from 10-39 years. Equipment, furniture and fixtures are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements, which include the cost of improvements funded by landlord incentives or allowances, are amortized using the straight-line method over the lesser of the term of the lease, with consideration of renewal options if renewals are reasonably assured because failure to renew would result in an economic penalty, or the estimated useful lives of the assets, which is typically five – 15 years. Maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the related gains or losses are credited or charged to earnings.

The Company capitalizes items associated with construction but not yet placed into service, known as construction in progress ("CIP"). Items capitalized include fees associated with the design, build-out, furnishing of the restaurants, leasehold improvements, construction period interest (when applicable), equipment, and furniture and fixtures. Restaurant CIP is not amortized or depreciated until the related assets are placed into service. Items are placed into service according to their asset category when the restaurant is open for service.

Intangible Assets

Amortizable intangible assets consist of trademarks and are stated at cost, less accumulated amortization. The trademarks are amortized on a straight-line basis over the estimated useful life of 15 years.

Liquor licenses, also a component of intangible assets, are deemed to have an indefinite life and, accordingly, are not amortized. Management reviews liquor license assets on an annual basis (at year-end) to determine whether carrying values have been impaired. We identify potential impairments for liquor licenses by comparing the fair value with the carrying amount. If the fair value exceeds the carrying amount, the liquor licenses are not impaired. If the carrying amount exceeds the fair value, an impairment loss is recorded for the difference. There were no impairments recognized in the fiscal quarters of March 31, 2024 or March 23, 2023.

Treasury stock

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Gains and losses on the subsequent reissuance of shares are credited or charged to paid-in capital more than par value using the average-cost method.

Impairment or Disposal of Long-Lived Assets

We review long-lived assets quarterly to determine if triggering events have occurred, which would require a test to determine if the carrying amount of these assets may not be recoverable based on estimated future cash flows. Assets are reviewed at the lowest level for which cash flows can be identified, which is at the individual restaurant level. In the absence of extraordinary circumstances, restaurants are included in the impairment analysis after they have been open for two years. We evaluate the recoverability of a restaurant's long-lived assets, including buildings, intangibles, leasehold improvements, furniture, fixtures,

and equipment over the remaining life of the primary asset in the asset group, after considering the potential impact of planned operational improvements, marketing programs, and anticipated changes in the trade area. In determining future cash flows, significant estimates are made by management with respect to future operating results for each restaurant over the remaining life of the primary asset in the asset group. If assets are determined to be impaired, the impairment charge is measured by calculating the amount by which the asset carrying amount exceeds its fair value based on our estimate of discounted future cash flows. The determination of asset fair value is also subject to significant judgment. Refer to Note 2 for additional information.

We account for exit or disposal activities, including restaurant closures, in accordance with ASC Topic 420, *Exit or Disposal Cost Obligations*. Such costs include the cost of disposing of the assets as well as other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date we cease using a property under an operating lease, we record a liability for the net present value of any remaining lease obligations, net of estimated sublease income. Any subsequent adjustments to that liability because of lease termination or changes in estimates of sublease income are recorded in the period incurred. Refer to Note 2 for additional information.

There were no impairments recognized in the fiscal quarters ended March 31, 2024 or March 23, 2023.

Deferred Gains

Deferred gains on the sale-leaseback transaction described in Note 3 are recognized as a reduction of rent expense over the life of the related operating lease agreements.

Revenue Recognition

Revenues from food and beverage sales are recognized and generally collected at the point of sale. All sales taxes are presented on a net basis and are excluded from revenue.

Advertising

Advertising expenses of \$.02 million and \$.014 million are included in general and administrative expenses in the Consolidated Statements of Operations for the fiscal quarters ended March 31, 2024 and March 26, 2023, respectively.

Pre-opening Costs

Pre-opening costs are those costs associated with opening new restaurants and will vary based on the number of new locations opening and under construction. The Company also reclassifies labor costs that exceed the historical average for the first three months of restaurant operations that are attributable to training. These costs are expensed as incurred.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense (income) is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company applies the provisions of FASB ASC 740, *Income Taxes*, ("ASC 740") regarding the accounting for uncertainty in income taxes. The Company classifies all interest and penalties as income tax expense. There are no accrued interest amounts or penalties related to uncertain tax positions as of March 31, 2024 and March 26, 2023.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

We have reviewed significant newly issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our consolidated financial statements because of future adoption.

2. IMPAIRMENTS, DISPOSALS AND EXIT COSTS

Based on impairment indicators that existed on March 31, 2024, the Company performed an impairment analysis on its long-lived assets subject to amortization. For the three months ended March 31, 2024, \$0 million of long-lived assets were deemed to be impaired. Impairment charges are recorded to the extent that the carrying amount of the assets is not considered recoverable based on the estimated future cash flows of the location. The impairment charges are included in impairment and loss on asset disposals on the Consolidated Statements of Operations.

We are currently monitoring the valuation of long-lived assets at several restaurants and have developed plans to improve operating results. As we periodically refine our estimated future operating results, changes in our estimates and assumptions may cause us to realize impairment charges in the future that could be material.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment are comprised of the following:

	<u>March 31, 2024</u>	<u>December 25, 2023</u>
Buildings	0	0
Equipment	2,741,285	2,730,622
Furniture and fixtures	662,907	662,907
Operating lease right of use asset	1,773,843	1,848,436
Leasehold improvements	5,721,349	5,721,349
Total	10,899,384	10,963,314
Less accumulated depreciation	(8,357,258)	(8,226,838)
Property and equipment, net	\$ 2,542,126	\$ 2,736,476

Depreciation expense was \$0.13 million and \$0.16 million, respectively, during the quarters ending March 31, 2024 and March 26, 2023.

Sale-leaseback transactions

On October 6, 2014, the Company entered into a sale-leaseback agreement for \$8.9 million with a third-party Real Estate Investment Trust ("REIT"). The arrangement included the sale of real estate on which twelve of Bagger Dave's locations operate. In the fourth quarter of 2014, we closed the sale of five of the twelve properties, with total proceeds of \$6.9 million. We closed the sale of the remaining property in June 2015 with total proceeds of \$2.0 million. Pursuant to the terms of each sale-leaseback transaction, we transferred title of the real property to the purchaser after final inspection and, in turn, entered separate leases with the purchaser having a 15-year basic operating lease term plus four separate 5-year renewal options. Certain of the sale-leaseback arrangements resulted in a gain which has been deferred. As of March 31, 2024, \$0.03 million of the deferred gain was recorded in Other accrued liabilities and \$0.14 million of the deferred gain was recorded in Other liabilities on the Consolidated Balance Sheets. As of March 26, 2023, \$0.03 million of the deferred gain was recorded in Other accrued liabilities and \$0.23 million of the deferred gain was recorded in Other liabilities on the Consolidated Balance Sheets. The gains will be recognized into income as an offset to rent expense over the life of the related lease agreements.

4. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	March 31, 2024	December 25, 2023
Trademarks	\$ 70,576	\$ 70,576
Less accumulated amortization	<u>(53,014)</u>	<u>(51,838)</u>
Amortized intangible assets, net	17,562	18,738
Unamortized intangible assets		
Liquor licenses	<u>138,350</u>	<u>138,350</u>
Total intangible assets, net	\$ 155,912	\$ 157,088

Amortization expense for the quarters ended March 31, 2023 and March 26, 2023 was \$1,176 and \$1,176, respectively.

Based on the current intangible assets and their estimated useful lives, future intangible-related expenses for the next five years and thereafter is projected as follows:

<u>Year</u>	<u>Amount</u>
2024	3,528
2025	4,705
2026	4,705
2027	<u>4,623</u>
Total	\$ 17,561

The aggregate weighted-average amortization period for intangible assets is 3.75. years.

5. OTHER ACCRUED LIABILITIES, CURRENT

	<u>March 31, 2023</u>	<u>December 26, 2023</u>
Gift card liability	\$ 46,757	\$ 53,787
Sales tax payable	43,477	54,608
Lease liability current	325,694	313,762
Other	67,550	39,255
Total accrued other liabilities	\$ 483,478	\$ 461,412

6. RELATED PARTY TRANSACTIONS

There were no related party transactions in the quarters ended March 31, 2024 and March 26, 2023.

7. INCOME TAXES

The effective income tax rate for the quarters ended March 31, 2024 and March 26, 2023 was -1.1% and -1.2%, respectively, due to the Company recording a full valuation allowance on its deferred tax assets. The valuation allowance was recorded due to our recent years' history of losses.

8. OPERATING LEASES

The Company's lease terms generally include renewal options and frequently require us to pay a proportionate share of real estate taxes, insurance, common area maintenance, and other operating costs. Some restaurant leases provide for contingent rental payments based on sales thresholds.

Total rent expenses were \$.13 million and \$.13 million for the fiscal quarters ended March 31, 2024 and March 26, 2023, respectively, and \$0.13 and \$0.13 for the three months ending March 31, 2024 and March 26, 2023, respectively.

Scheduled future minimum lease payments for each of the next five years and thereafter for non-cancelable operating leases for existing restaurants with initial or remaining lease terms more than one year on March 31, 2023 are summarized as follows:

Year	Amount
2024	\$ 343,583
2025	455,331
2026	361,929
2027	361,929
2028	361,932
Thereafter	793,367
Total	\$ 2,678,071

The Company adopted ASC 840 related to its lease accounting as of the beginning of the fiscal year ended December 31, 2018. Under ASU 2018-11, the company has elected to apply the cumulative effect of the change in lease accounting as an adjustment to retained earnings as of December 31, 2018. The cumulative -effect adjustment was an increase in retained earnings of \$314,752.

The new lease accounting standard provides for the establishment of a Right of Use asset and a Lease Liability to reflect the present value of future lease payments. The discount rate used approximates the Company's cost of capital as lessor's cost of capital was not available. The weighted average discount rate applied is 7 percent. Both the Right of Use asset and the Lease liability had an original balance of \$7,705,495. The Right of Use asset is included in the Property and Equipment section of the balance sheet, and the lease liability is included in current and long-term liabilities. Amortization of the Right of Use asset and the Lease Liability was \$74,593 and \$89,983 for the three months ended March 31, 2024 and March 26, 2023, respectively. The weighted average remaining lease term is approximately 7.75 years as of March 31, 2024.

9. COMMITMENTS AND CONTINGENCIES

Bagger Dave's sponsors a defined contribution 401(k) plan whereby eligible team members can contribute pre-tax wages in accordance with the provisions of the plan. Bagger Dave's has the option to make an annual discretionary contribution to the 401(k) plan. No match was made during the twelve months ended March 31, 2024.

The Company is subject to ordinary and routine legal proceedings, as well as demands, claims and threatened litigation, which arise in the ordinary course of its business. The ultimate outcome of any litigation is uncertain. We have insured and continue to insure against most of these types of claims. A judgment on any claim not covered by or more than our insurance coverage could materially adversely affect our financial condition or results of operations.

10. SUPPLEMENTAL CASH FLOWS INFORMATION

Cash paid for interest was \$1,317 and \$1,353 during the three months ended March 31, 2024, and March 26, 2023, respectively.

11. ECONOMIC INJURY DISASTER LOAN

In the quarter ended December 26, 2021, the Company secured financing of \$150,000 as an Economic Injury Disaster Loan (EIDL) through the U.S. Small Business Administration (SBA). This loan can be applied to areas covered by the PPP loan (but cannot duplicate PPP expenditures) and may also be used for a greater variety of day-to-day operating expenses. The terms of the EIDL are 30 years with an interest rate of 3.75%. Loan payments are \$731 per month. The loan balance at March 31, 2024, is \$140,313 Interest paid for the three months ended March 31, 2024, is \$1,317.