FRANCHISE DISCLOSURE DOCUMENT

Red Dot Restaurant Group, Inc.
A Nevada corporation
107 East Charleston, 242
Clark County, NV 89104
(213) 489-2600
franchise@theredchickz.com
www.theredchickz.com

The franchised business you will own and operate is a fast-casual restaurant offering halal, all natural, always fresh, hand breaded, 100% hormone and antibiotic free Nashville hot chicken served with "comeback sauce" and other designated menu items, which may include sandwiches, wings, tenders, shrimp and side items such as coleslaw, potato wedges, cheese curds and pickle slices along with beverages for dine-in, take out, delivery and catering consumption, under Franchisor's designated marks.

The total investment necessary to begin operation of a Franchised Restaurant ranges from $424,700 to $883,200. This includes $40,000 that must be paid to the franchisor or affiliate.

We offer qualified individuals the right to own and operate multiple Restaurants in a designated development area by entering into an Area Development Agreement ("ADA"). The total initial investment necessary to begin operating under the ADA will vary depending on the number of Restaurants to be opened in your designated development area. The development fee due under the ADA is equal to $120,000 for the first three (3) Restaurants, plus (b) $32,000 for the fourth and for each additional Restaurant to be developed under the ADA (the "Development Fee"). Upon execution of the ADA, you are required to pay the fee for the first three (3) Restaurants plus 50% of the fee of the fourth and for each additional Restaurant to be developed under the ADA.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact franchise@theredchickz.com.

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

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

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

Date of Issuance: April 25, 2025

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 D (current & former franchisees).
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 in provide support to my business?	Item 21 or Exhibit F 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 The Red Chickz® 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 The Red Chickz® franchisee?	Item 20 or Exhibits D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

“What You Need to Know About Franchising *Generally*”

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nevada than in your own state.

2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

NOTICE UNDER MICHIGAN'S 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.

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. 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.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (1) the term of the franchise is less than five (5) years and (2) 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 six (6) months advance notice of franchisor's intent not to renew the franchise.

5. 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.

6. 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.

7. 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:

a. the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;

b. the fact that the proposed transferee is a competitor of the franchisor or sub-franchisor;

c. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

d. 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.

8. 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 the right of first refusal to purchase the assets of a franchisee 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 subsection 3.

9. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

IF FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED ($100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED.

ANY QUESTIONS REGARDING THIS NOTICE MAY BE DIRECTED TO THE STATE OF MICHIGAN, DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1st FLOOR, LANSING, MICHIGAN 48913, TELEPHONE (517) 373-7117.

TABLE OF CONTENTS

ITEM 1.

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Red Dot Restaurant Group, Inc., which will be referred to as "Red Chickz," "we," "our," or "us." The terms "you," and "your," refer to the person, corporation, limited liability company, partnership or other legal entity that is granted a franchise (as well as the direct or indirect owners of any corporation, limited liability company, partnership or other legal entity that becomes a franchisee).

The Franchisor

The Franchisor is Red Dot Restaurant Group, Inc., a Nevada corporation, formed on October 23, 2020. Our principal place of business is located at 107 East Charleston, 242, Clark County, Nevada 89104. We conduct business as Red Dot Restaurant Group and The Red Chickz®. We do not operate a business of the type to be operated by franchisees. Our affiliates own and operate businesses of the type to be operated by franchisees. We have not conducted business in any other line of business and we have not offered franchises in any other line of business.

Our Parents, Predecessors and Affiliates

Our affiliate, Seven Dots, LLC, owns the proprietary marks, including The Red Chickz®, and all intellectual property, and licenses the proprietary marks and intellectual property to us. Seven Dots, LLC is a California limited liability company formed on May 19, 2021. Its principal business address is 643 S. Olive Street, Suite 333, Los Angeles, California 90014. Seven Dots, LLC does not conduct business in any other line of business and does not (and has never) offered franchises in any line of business.

Our affiliate, GSN Distribution, Inc. is the system supplier of The Red Chickz® branded items such as branded paper products, merchandise, and dry goods. GSN Distribution, Inc. ("GSN") is a California corporation formed on June 28, 2023. Its principal business address is 643 S. Olive Street, Suite 333, Los Angeles, California 90014. GSN does not conduct business in any other line of business and does not (and has never) offered franchises in any line of business.

The Franchised Business

We offer the right to develop and operate fast-casual restaurants offering Nashville hot chicken served with "comeback sauce" and other designated menu items, which may include sandwiches, wings, tenders, shrimp and side items such as coleslaw, potato wedges, cheese curds and pickle slices along with beverages for dine-in, take out, delivery and catering consumption, under our designated marks (each a "Restaurant"). Restaurants are required to offer customer pick-up and we may, at any time, require Restaurants to offer delivery service. Restaurants are to be operated from an indoor structure that need not be free-standing, but vary in size. The Restaurant will operate under our designated proprietary trade names, trademarks and service marks, including *The Red Chickz*® and *Hotter Than You*® (the "Marks"). We have the right to change, substitute, alter, modify and/or supplement the Marks at any time, in our sole discretion. There is no limitation on our right to do so.

If you are approved as a franchisee, you will sign our then-current form of franchise agreement (the “Franchise Agreement”), under which you will have the right and obligation to develop and operate a single Restaurant under the terms of the Franchise Agreement (the “Franchised Restaurant” or the “Franchised Business”).

We also offer qualified candidates the right to develop multiple Franchised Restaurants, which we anticipate will typically be three (3) Franchised Restaurants, pursuant to the terms and conditions of our then-current Area Development Agreement (the “ADA”). If you enter into an ADA with us, you will have the right and obligation to develop the number of Franchised Restaurants designated in the ADA in the area designated in the ADA as the “Development Area” in accordance with the development schedule attached to the ADA (the “Development Schedule”). A copy of the ADA is attached as Exhibit C. You must sign our then-current form of Franchise Agreement before you open each Restaurant. The then-current Franchise Agreement may contain materially different terms as compared to the form of Franchise Agreement attached to this FDD as Exhibit B. We also have the right to require you to sign a general release as a condition to our granting you the right to enter into your second and each subsequent Franchise Agreement. A current copy of our form of sample general release is attached to this FDD as Exhibit G.

We may periodically make changes to the franchise system, including changes to: the products and services Restaurants are required to offer; standards; facility requirements; signage; equipment; and fixture requirements. You may have to make additional investments in the franchised business periodically during the term of the franchise if changes are made, or if your Restaurant’s equipment or facilities wear out or become obsolete, or for other reasons, including changes in the system standards. All Restaurants must be developed and operated to our specifications and standards. You have no discretion in the products or services you sell. The franchise operates using our standards, methods, procedures and specifications, called our “System.”

The typical Restaurants will be free standing buildings, end locations of a strip center or downtown street-front locations. Restaurants must consist of approximately 1,500 to 1,800 square feet in size. We prefer the Restaurant to be located in a space with ample parking, good accessibility, and maximum signage (an outside patio is preferred).

System Restaurants are to feature our standards, specifications and procedures for operations; distinctive exterior and interior design, signage, decor, color scheme, fixtures and furnishings; proprietary recipes and methods of preparation and cooking; training and assistance; and marketing programs; all of which we may change, improve upon, further develop or discontinue at our discretion at any time.

As of the issuance date of this Disclosure Document, there are four (4) Restaurants located in California. Two of these Restaurants are owned and operated by our affiliate.

General Description of the Market and Competition

You compete with independent, franchised, national and local restaurants. The market for the types of goods and services offered by Restaurants is well established and competitive. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply, cost of and demand for products, new technologies and competition that provide related products or services.

Regulations Specific to the Industry

We are not aware of any regulations specific to the industry in which the Franchised Business operates. You must, however, comply with all local, state and federal laws, regulations and licensing requirements that apply to your Restaurant operations, including food handling requirements, health regulations pertaining to restaurants, EEOC, OSHA, discrimination, employment and sexual harassment laws. The regulations and requirements concern, among other things: the fitness and adequacy of buildings and equipment; the appropriateness of materials and supplies; qualifications of staff members; staff training and licensing; record-keeping; health, fire and safety standards; disabilities of your employees and customers. 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, seating, bathrooms, drinking facilities, etc. For example, you must obtain real estate permits (such as zoning permits), real estate licenses and operational licenses. There are also regulations that pertain to sanitation, labeling, food preparation, food handling and food service. You are required to investigate and comply with all applicable laws, rules and regulations, including local zoning requirements, which vary from jurisdiction to jurisdiction. You are strongly encouraged to consult with an attorney concerning these and other local laws and ordinances that may affect your Restaurant's construction and operation.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2.
BUSINESS EXPERIENCE

Shahram (Shawn) Lalehzarian: Founder & CEO

Shawn Lalehzarian serves as our CEO in Las Vegas, Nevada and has held this position since our inception. Shawn is also the Founder and CEO of Yellow Dot Restaurant Group based out of Los Angeles, California (since January 2019). Shawn was also the founder and CEO of Frymadness based out of Los Angeles, California from April 2016 to January 2023.

Goel Talasazan: Director

Goel Talasazan serves as one of our Directors and has held this position since our inception. Before joining us, Goel was self-employed based out of Los Angeles, California (from May 2015 to present).

Nima Christensen: Director

Nima Christensen serves as one of our Directors in Las Vegas, Nevada and has held this position since our inception. Nima concurrently serves as Director of our affiliate, The Red Chickz (from January 2019 to present). Before joining us, Nima served as Director of Frymadness based out of Los Angeles, California (from April 2016 to January 2023).

Spencer Sabatasso: Vice President of Development

Spencer Sabatasso serves as our Vice President of Development and has held this position since November 2024 based out of Newport Beach, California. Spencer also serves as the Chief Executive Officer of G&V Sab in Newport Beach, California and has held this position since October 2022. Spencer previously served as Director of Sales at Fransmart in Alexandria, Virginia from November 2020 until October 2022. Prior to Fransmart, Spencer served as Chief Executive Officer of Essential Recovery in Newport Beach, California from November 2016 until October 2020.

ITEM 3.
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

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

ITEM 5.
INITIAL FEES

Initial Franchise Fee

You must pay an Initial Franchise Fee of $40,000 to us for your Restaurant (the "Initial Franchise Fee"). The Initial Franchise Fee is due in full upon signing the Franchise Agreement. The Initial Franchise Fee is uniform and is non-refundable upon payment.

The Initial Franchise Fee is compensation to us for our efforts in offering and selling a franchise to you, for our franchise sales and marketing activities to promote the sale of a franchise to qualified franchisees, our participation in the franchise sale, our legal compliance with franchise laws and regulations, site selection assistance and guidelines, and/or the development and hosting of initial training programs.

Except as disclosed in this Item, you are not required to pay any other fees to us and/or our affiliates before you open your Restaurant.

Area Development Agreement

If you acquire rights under an ADA, you must pay an Area Development Fee calculated as follows: (a) $120,000 for the first three (3) Restaurants, plus (b) $32,000 for the fourth and for each additional Restaurant to be developed under the ADA (the "Development Fee"). Upon execution of the ADA, you are required to pay the fee for the first three (3) Restaurants plus 50% of the fee of the fourth and for each additional Restaurant to be developed under the ADA. For example, if you sign an ADA for the development of four (4) Restaurants, you must pay us a Development Fee of $136,000 when you sign the ADA. The remaining 50% balance of the franchise fee shall be paid upon signing of each succeeding Franchise Agreement under the ADA. The Development Fee is uniform and non-refundable upon payment.

ITEM 6.
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalties	6% of Gross Revenues	Weekly	Paid via Electronic Fund Transfer (EFT)
Initial Training (for additional individuals)	$1,000 per person per week	Before Initial Training	Paid via Electronic Fund Transfer (EFT)
Brand Marketing Fund	Up to 3% of Gross Revenues; Currently 1% of Gross Revenues	Weekly	Paid via EFT, paid at the same time and manner as the Royalty
Local Marketing	Up to 3% of Gross Revenues; Currently 2% of Gross Revenues or $1,000 per month, whichever is greater	Payable after receipt of invoice	Payable to local marketing and advertising vendors
Ongoing Training Assistance	$500 per day, per trainer, plus all travel and related expenses.	As required	For ongoing training at the franchisee's location
Additional Training Assistance	The actual cost of the training plus expenses	As requested or required	Paid to the franchisor if franchisee requests additional training

Name of Fee	Amount	Due Date	Remarks
			above normal training offerings, or if additional training is required due to operating below required standards
Mystery Shops	Up to $250 per month	When service is provided	If franchisor retains a third-party firm to conduct mystery shops
Quality Assurance	Up to $500 per quarter	When service is provided	If franchisor retains a third-party firm to conduct quality assurance inspections
Convention Fee	Currently $0	Prior to scheduling a national convention or national business meeting	Franchisee will pay all travel fees to attend. At this time, we do not charge an attendance fee.
Successor Fee	50% of the then-current initial franchise fee	Prior to the execution of the successor agreement	Subject to other criteria for renewal as set forth in the Franchise Agreement
Relocation Fee ("Offset Fee")	50% of the then-current initial franchise fee	Upon approval to relocate the franchised location	If approved to relocate the franchised location
Transfer Fee (new owner)	75% of the then-current initial franchise fee	You must pay 50% of the transfer fee at the time you submit your request to transfer to us. The balance is due immediately prior to closing of the transfer transaction.	You must pay us a transfer fee of 75% of the then-current initial franchise fee in connection with a transfer to an owner that is new to The Red Chickz franchise system. 50% of this transfer fee is due when you send in your request for approval, with the balance due immediately before closing. If you do not

Name of Fee	Amount	Due Date	Remarks
			close under the transaction, we will refund the deposit less the greater of (a) $1,000, and (b) our reasonable costs and expenses incurred, including attorneys' fees.
Transfer Fee (to existing owners)	$5,000	At the time of transfer	If the transfer is simply transferring shares between the existing owners that have already been approved by us, or if adding a new shareholder that does not change the majority ownership in the franchisee entity
Transfer Fee (existing franchisee)	50% of the then-current initial franchise fee	You must pay 50% of the transfer fee at the time you submit your request to transfer to us. The balance is due immediately prior to closing of the transfer transaction.	You must pay us a transfer fee of 50% of the then-current initial franchise fee in connection with a transfer to an owner that is an existing franchisee. 50% of this transfer fee is due when you send in your request for approval, with the balance due immediately before closing. If you do not close under the transaction, we will refund the deposit less (a) $1,000, or (b) our reasonable costs and expenses incurred,

Name of Fee	Amount	Due Date	Remarks
			including attorneys' fees, whichever is greater.
Technology Fees	One time set up fee of $1,975 plus an ongoing fee of up to $125 per week. Currently $60/week	Weekly	You must pay us a one-time set up fee of $1,975 plus an ongoing technology fee of up to $125 per week for technologies we require for the Franchise System
System Modifications	All reasonable costs and expenses associated with system modification	As required	If changes are made to the franchise system, franchisee must adapt the franchised business to conform to the changes. Examples may include new equipment, software or construction materials
Insufficient Funds	Currently $100	As required	An insufficient funds fee is due at any time an EFT withdrawal is denied due to insufficient funds in the franchisee’s account
Insurance	Amount of unpaid premiums plus expenses for obtaining the policies required	As required	Payable only if franchisee fails to maintain the types and limits of insurance that the franchisor requires for the franchised business
Interest	Interest equal to the lesser of 1.5% per month or the highest rate allowed by law on all past due amounts	On demand	May be charged on all past due amounts, including the monthly balance of principal and interest

Name of Fee	Amount	Due Date	Remarks
Prohibited Product or Service	$250 per day	On demand	Due if franchisee uses unauthorized products or services
Unauthorized Advertising Fee	$500 per occurrence or our then-current fee	On demand	Due if franchisee uses advertising materials that have not been approved
Guest Response and Recovery Management Fee	Our-then current fee; currently, $40 per week	Weekly	Due in connection with guest response and recovery services
Supplier and Product Evaluation Fee	Greater of the actual cost or our designated fee (not to exceed $3,000)	As incurred	The franchisee must comply with the chain management system ("supply chain management system") used to manage product quality and product inventory at each restaurant
Operations Manual Replacement Fee	$500	Upon demand	Payable if a printed copy of the operations manual is loaned to the franchisee and is then lost, destroyed, or significantly damaged
Temporary Management Assistance	10% of Gross Revenues plus any travel and lodging expenses	Each week that it applies	If franchisee breaches the franchise agreement or following the death or incapacity of an owner of the franchise, the franchisor may temporarily manage the franchise business
Audit Expenses	Cost of audit and inspection, any understated amounts, interest and any	On demand	Franchisee will be required to pay if the audit reveals that the franchisee understated Gross Revenues by 2%

Name of Fee	Amount	Due Date	Remarks
	related accounting and legal expenses		or more, or franchisee fails to submit required reports
Non-Compliance Fee	$500 for each day the default remains uncured	On demand	If you fail to comply with any of your obligations under the Franchise Agreement, and we issue you a notice of default

NOTES:

GENERAL NOTE: Unless otherwise stated, all fees imposed by, paid to and collected by us are non-refundable. Except as otherwise disclosed in this Item, for all franchises offered pursuant to this disclosure document, all fees described in this Item 6 are uniformly imposed, however, in some circumstances under which we deem appropriate, we reserve the right to waive or reduce some or all of these fees for a particular franchisee. We require that all fees payable to us be paid through an electronic fund transfer, including automatic debits from your bank account(s), unless we specify otherwise.

Note 1: "Gross Revenues" shall mean all revenue derived from the sale of any and all products and services, and all other income of every kind and nature, related in any way to the Franchised Business, whether for cash or credit (and regardless of collection in the case of credit) and whether or not such sales are made at or by the Franchised Business, including but not limited to sales made through third-party delivery services, catalog or mail order sales, internet sales (or the like), sales to restaurants, clubs, food festivals, hotels and the like, and corporate gifts; *provided*, *however*, that you may deduct any sales taxes which were collected by you as required by law.

We reserve the right to, in writing, approve granting franchises with lower royalty fees in certain limited circumstances. Before varying from standard fees, we will take into account many factors, including prior experience and financial capabilities. We may offer incentives in new or developing markets. Incentives may be offered to new and/or existing franchisees. We anticipate that any reduced fees will only apply to franchisees who are in compliance with all of our agreements and requirements. We are not currently offering an incentive program, but may do so in the future. We reserve the right to cancel or modify any future incentive program we may offer. You will not be entitled to receive the benefits of any such incentive programs unless agreed by us in writing.

Note 2: You must pay all personal expenses incurred by your Franchise Training Team in attending and providing the Initial Training Program, and for you and your employees in connection with attendance at additional training programs or sessions, including costs and expenses of transportation, lodging, meals, wages and employee benefits. We will not charge for the attendance of your Franchise Training Team at the initial training program. Additional attendees and additional training programs are at your cost and expense.

Note 3: If your state, or any governmental body in your state, charges a tax on the royalty we receive from you, then you are required to pay an additional earned service fee equal to the amount of this tax. This does not apply to any federal or income taxes we have to pay.

Note 4: We currently require you to pay all fees and sums due to us by electronic funds transfer (EFT). You must provide us all of the bank and other forms we need to set up or change EFT authorization. We will also require you to report your Gross Revenues to us in the manner we designate. Currently, you must report your Gross Revenues electronically over the Internet via e-mail. You must have computer equipment capable to accessing and using the electronic form. We reserve the right to withdraw the electronic payment form at any time and designate another form and payment procedure that you will be required to follow.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE-UNIT FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$40,000	Lump Sum	At the Signing of the Franchise Agreement	Us
Leasehold Improvements (Note 2)	$177,000 to $425,000	Lump Sum	As Incurred / Before Opening	Vendors/Designated Suppliers/Service Providers
Design & Architectural Fees (Note 2)	$10,500 to $32,000	As Incurred	As Incurred	Vendors/Designated Service Providers
Grand Opening Advertising (Note 3)	$25,000	As Incurred	As Incurred/Before Opening	Vendors/Designated Service Providers
Licenses & Professional Services (Note 4)	$1,000 to $10,000	Lump Sum	Before Opening	Third Parties

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Professional Fees	$1,000 to $5,000	Lump Sum	Before Opening	Attorney
Insurance (Quarterly) (Note 5)	$3,000 to $7,000	As Incurred	Before Opening	Third Parties
Travel and Living Expenses while Training (Note 6)	$14,000 to $21,000	As Incurred	During Training	Airlines, Hotels, Restaurants, etc.
Rent (first 3 months) & Security Deposits (Note 7)	$5,000 to $15,000	Lump Sum	As Incurred	Service Providers
Initial Inventory (Note 8)	$8,200 to $15,000	Lump Sum	As Incurred	Designated Vendors
Lease, Utility & Deposits	$2,500 to $5,000	As Arranged	Before Beginning Operations	Utility Company
Furniture, Fixtures & Equipment (Note 9)	$11,500 to $29,500	As Arranged	Before Beginning Operations	Suppliers
Interior and Exterior Signage	$10,500 to $25,000	As Arranged	Before Beginning Operations	Designated Suppliers
Equipment and Smallware	$80,000 to $140,000	As Arranged	Before Beginning Operations	Designated Suppliers
POS/Back Office System (Note 10)	$9,000 to $21,000	As Arranged	Before Beginning Operations	Designated Suppliers
Miscellaneous (Uniforms & Office Supplies)	$7,500 to $10,700	AS Incurred	As Incurred	Designated Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds (first 3 months) (Note 11)	$19,000 to $57,000	Lump Sum	As Incurred	Service Providers; Vendors; Suppliers; Third Parties
TOTAL	$424,700 to $883,200			

NOTES

GENERAL NOTE: The above chart lists estimates of the initial investment funds necessary to open a Franchised Restaurant. These estimated ranges are based on market research and our affiliate's experience in developing the affiliate-owned Restaurants. You are strongly advised to diligently investigate all potential costs with a qualified business advisor before proceeding with this investment to gain a better understanding of your expected individual costs and expenses.

Note 1. The Initial Franchise Fee for a Restaurant is $40,000. The Initial Franchise Fee is due and payable in full when you sign the Franchise Agreement and is non-refundable under any circumstances. See Item 5 for more details regarding the Initial Franchise Fee.

Note 2. The construction, leasehold improvements, and real estate rental fees vary depending on a number of factors including the size, location, existing leasehold improvements and costs of construction in the area of the Franchised Restaurant. Your location must conform to our specifications. You must submit your proposed design plans and layout to us for review and confirmation that the proposed plans and layout meets our then-current brand standards and you must pay us a flat fee of $1,500 for such review. Costs are influenced by local building standards and labor rates. If the premises are leased, the lessor's contribution toward the cost of construction, if any, may be a factor that will affect initial costs as well as on-going rent. These costs will vary based on building size, configuration and condition of the premises, material costs, construction costs, labor costs, installation costs, geographic location, requirements imposed by government and distance from suppliers. Payments for building or leasehold improvements are made to third party contractors and suppliers. Payments to these contractors and suppliers are typically made as the services are received or when the stages of work are completed. These payments are usually not refundable. Real estate/space development costs vary considerably. Your costs may be higher depending on the site and code requirements, and other factors.

Note 3. You must conduct a Grand Opening and Advertising Campaign in the manner we designate or approve to promote the opening of the Franchised Restaurant. We require you to expend $25,000 on this campaign. You must prepare and submit to us a written plan detailing the grand opening advertising campaign and proposed expenditures no later than 30 days before the scheduled opening date for the Franchised Restaurant.

Note 4. You are responsible for obtaining all necessary permits required for the development, opening and operation of the Franchised Restaurant. The costs for permitting vary from location to location.

Note 5. You must obtain and maintain in full force and effect, the insurance policies we designate and as required under applicable law, at all times during the term of the Franchise Agreement. The insurance policies must protect you and us, and your and our respective officers, directors, partners, and employees, against any demand or claim for personal injury, death, or property damage, or any loss, liability, or expense arising from the operation of the Franchised Restaurant. These policies must be written by a responsible carrier or carriers acceptable to us, and must include, at a minimum (unless we required additional coverage and higher policy limits), the following:

Comprehensive General Liability Insurance (in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate), broad form contractual liability, broad form property damage, personal injury and advertising injury (in the amount of $1,000,000 per occurrence), completed operations, products liability (in the amount of $2,000,000 in the aggregate), and fire damage coverage, in the amount of $50,000, and naming us as an additional insured in each such policy or policies.

"All Risks" coverage for the full cost of replacement of the Franchised Restaurant premises and all other property in which we may have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property and Contents (Business Inventory and equipment) and Tenant Improvements Coverage equal to 100% of reconstruction value.

Employer's Liability in the amount of $1,000,000, Workers' Compensation (in an amount meeting state statutory requirements but not less than $500,000), liquor liability and dram shop insurance, and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located and operated.

Employment Practice Liability Insurance (EPLI) with a coverage limit of (state amount and available amounts with Farmers are $100,000, $250,000, $500,000 and $1,000,000) with varying deductibles that are available coverage but no more than $25,000 deductible per claim.

Business interruption insurance, in an amount equal to 100% of Franchisee's annual Gross Revenues for a period of at least 12 months coverage (actual or if not available, estimated and stated amount of coverage with no percentage of coverage or co-insurance clause), excluding ordinary payroll expenses, and naming us as an additional insured.

“Automobile liability” insurance for owned and non-owned (Hired Auto as well if a company may rent vehicles. You must also obtain and maintain "automobile liability" insurance, including coverage of vehicles not owned by you, but used for your Restaurant, with a combination of primary and excess limits of at least $1,000,000 If there is delivery, you must make sure that delivery coverage is included with both owned and non-owned auto coverage. Driving records should be checks prior to any hires and no more than one citation and/or auto accident on a possible new hire’s driving record that also contains no DUI’s, Suspensions, and must have an ACTIVE driver’s license.

An umbrella policy with limits of at least $2,000,000 for general liability, auto and employer’s liability.

You may, with our consent, have reasonable deductibles for the coverages described above. If you perform any construction, renovation, refurbishment or remodeling of the Franchised Restaurant, you must also obtain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us. You must provide us with a Certificate of Insurance evidencing these insurance coverages.

<u>Note 6</u>. The range in the chart is based upon three (3) persons attending the training program. This range increases if additional persons attend the training program.

<u>Note 7</u>. The estimate provided in the chart is based on our affiliate’s experience in developing and operating the affiliate-owned Restaurants in California. Real estate rental fees vary extensively depending upon your area and specific location. You are strongly advised to consult with a business advisor to determine a more appropriate estimate of the real estate rental fees, costs and expenses you are likely to incur in the area in which you wish to open a Restaurant before signing the franchise agreement.

<u>Note 8</u>. The range in this chart represents an estimate for opening inventory requirements. Your costs may vary depending on factors such as the size of the location and any upgrades or changes in the specifications.

<u>Note 9</u>. The range includes an estimate of costs for tables, chairs, countertops, counters, lighting, and supplies (including menus, office supplies, desktop computer or laptop for back of the house office purposes). Your costs may vary and will depend upon, among other things, the location and size of your Restaurant.

<u>Note 10.</u> You must purchase our designated POS System, Security, and Camera System. You must purchase our designated POS system from our designated supplier. The POS System includes an online ordering/system hook up and requires payment of ongoing monthly software and support fees. You must also purchase the camera system and security system components we designate. You are not currently required to purchase the camera system or the security system from an exclusive or designated supplier. The range in the chart reflects an estimate for the implementation of an ADT alarm security system. We

have independent, unlimited access to both the POS and Camera systems.

Note 11. The “Additional Funds” category includes estimated start-up costs calculated for a period of three months, with additional operating capital to be available as may be needed during the initial phase. These expenses do not include owner’s salary or draw. These amounts are estimates only and specific amounts will vary.

Note 12. This chart provides estimates of your initial start-up expenses and does not include ongoing marketing and advertising expenses or percentage rent payable under the terms of your lease. Depending on the size of the Franchised Restaurant, these estimates may vary. These figures are estimates only based upon our affiliate’s experience in developing and operating the affiliate-owned locations in California. All fees payable to us are non-refundable. The terms you negotiate with outside suppliers or third parties govern the refundability of all payments to them.

Note 13. We do not offer direct or indirect financing. We do not guarantee your note, lease, or any other obligation. We do not have any agents or affiliates who offer financing directly or indirectly to you.

B. YOUR ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT AGREEMENT[1]

If you sign an Area Development Agreement, you should review both the above tables of estimated initial investment expenses applicable to Franchise Restaurants as well as the following table of fees.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Development Fee[2]	$120,000 for the first three Restaurants; plus $32,000 for the fourth and each additional Restaurant	Lump Sum; non-refundable	Payment for the first three (3) Restaurants plus 50% of the fee of the fourth and for each additional Restaurant to be developed under the ADA; remaining balance at signing of each Franchise Agreement	Franchisor
Initial Investment for the First Restaurant[3]	$424,700 to $883,200	See Chart 7(A) above. The range is equal to the range of the total from Chart 7(A) minus the Initial Franchise Fee. See Note 3.		

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Total Initial Investment	*Dependent on the number of Restaurants you commit to open under the development schedule*	In addition to the Development Fee, you will incur initial investment expenses for the development and opening of each Restaurant you are obligated to open under the development schedule. The current estimated initial investment range for the development of a Restaurant is disclosed in the above table and is subject to adjustment and increase in the future.		

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Development Fee is described in greater detail in Item 5 of this FDD.

Note 3. This estimated initial investment for each Restaurant you are obligated to develop under the ADA is subject to change for future Restaurants, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Chart 7(A) above. As stated in the table above, the estimate included only applies to the first Restaurant you open under the ADA. You will incur initial investment expenses for each Restaurant you are obligated to open under the ADA, and that initial investment estimate may increase in the future.

ITEM 8.
RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

We have spent considerable time, effort and financial resources to develop the System. We have established standards and specifications for most of the goods and services used in the operation of Restaurants. The System is subject to modification, change and improvement going forward. You must conform to our System standards, including high standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You must adhere to these changes. Our requirements are critical to assure the quality, safety and consistency of the goods and services provided by Restaurants in the System, and to protect and enhance the image of the Mark.

You must, at your expense, construct, improve, and operate the Franchised Restaurant under the System and in accordance with the Franchise Agreement and our standards and specifications, as set forth in our Manual and other publications we issue from time to time. You must, at your expense, purchase or lease, install and use all fixtures, signage, equipment, furnishings, improvements, supplies, other products and items (including point of sale, computer hardware and software, security systems), decor items, related items and services we require, all of which must conform to the Manual and our standards, specifications and other publications we issue from time to time. You may not install or permit to be installed at the Franchised Restaurant any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items that do not comply with our standards without our prior written consent.

You must maintain in sufficient supply, use and sell at all times only the services, items, products, materials, supplies and goods designated by us. You may not deviate from our standards and specifications in any way without obtaining our written consent first, which we are not required to give. You must sell and offer for sale only those items, products and services that we expressly approve for sale in writing. You must offer for sale all programs, products and services we require in the manner and style we require. You must immediately discontinue offering for sale any items, products and/or services we may disapprove in writing at any time.

We have the right to, and expect to, supplement or modify the Manual and our standards, specifications and other publications we issue in our sole discretion, at any time. We will provide written notice to you of any charges.

We require you to purchase certain products, services, signs, furnishings, supplies, fixtures, inventory, computer hardware and software, and equipment from distributors we have approved or designated (collectively, "suppliers"). You must purchase all goods, items and services required for the development and operation of the Franchised Restaurant from our approved or designated suppliers for any given item of service. We will provide you with a list of suppliers, which list may change over time.

Currently Required Purchase from Us or our Affiliates

As of the issuance date of this Disclosure Document, you must purchase certain products from our exclusive designated suppliers. We have entered into arrangements with these suppliers pursuant to which the suppliers may pay us rebates based on volume purchases. You are required to purchase food products and ingredients for use in connection with the preparation of products offered for sale at your Franchised Business from Sysco. As of the issuance date of this Disclosure Document, you must purchase the following items from our affiliate, GSN: Branded paper products, merchandise, and dry goods. You must also purchase a POS System from Toast. We reserve the right to require you to purchase any other item, good or service from us, our affiliates, and/or our designated supplier, as we specify, in the future at any time. We and/or our affiliates reserve the right to derive revenue and other material consideration, including through mark-ups on your purchases, on account of these and other purchases.

We may also derive revenue on account of your purchases from us, our affiliates and any other supplier without limitation. The amount of markup and pricing for required purchases is determined by us in our sole and absolute discretion.

System Modifications

We have the right to supplement, improve and otherwise change the System at any time, including in response to the opportunity to offer new services and products to customers of Restaurants operating under the System, the experience of Restaurants over time and other factors. We will have full control and discretion over any of these developments and you must comply with all reasonable requirements, including offering and selling new or different products or services specified by us. System modifications may be transmitted via the Internet, mail, or through modifications to the Manual.

Authorized Suppliers

We provide you with a list of all then-current approved suppliers and distributors during the training program, or before you open your Restaurant. We may designate additional suppliers, or remove any supplier from our approved list at any time. We reserve the right to purchase items from us and/or our affiliates in the future. As disclosed above, currently you must purchase certain food products, ingredients, dry goods and paper packaging products, as well as interior designer review services from our designated or approved suppliers. We may receive volume discounts, rebates and other material consideration on account of your purchases from these suppliers.

Products/Items Bearing the Marks

If you wish to purchase any items bearing the Marks, you must submit a sample of the items bearing the Marks to us for approval before purchasing them from a third-party supplier. We reserve the right to require you to purchase these and other items from us or a designated supplier in the future.

Derived Revenue

During the calendar year ended December 31, 2024, our affiliate GSN derived $161,162.85 on account of required franchisee purchases. We did not derive revenue on account of required franchisee purchases during our fiscal year ended December 31, 2024.

We may derive revenue on account of your purchases of any and all products, items, goods, equipment, fixtures, furnishings and services without limitation. We and/or affiliates may charge you markups on any item, product and service sold to you by us and/or our affiliates and there is no limitation on the amount of any such markups.

We have a purchasing agreement with our designated supplier, Sysco, under which we will receive a rebate of 1.5% of all purchases. We, and our affiliates, reserve the right to establish purchasing arrangements with designated and/or approved suppliers, and to receive payments and other consideration on the basis of franchisee purchases, at any time in the future.

Furniture, Fixtures, and Equipment

You must purchase furniture, fixtures, equipment, including point of sale and computer hardware, software, security systems, inventory, signage, decor and services we require under specifications set forth in the Confidential Operations Manual (the “Manual”).

You must at your expense, construct, improve and operate the Franchised Restaurant under the System and in accordance with our standards and specifications as set forth in the Manual and other publications we may issue from time to time. These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications will be based on our affiliates' experience in operating a Restaurant of the type we are franchising and through research and testing. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised Restaurant during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices. While we have created standards and specifications for the development of your franchised Restaurant, we have not designated any vendors and suppliers.

As of the issuance date of this Disclosure Document, one of our officers owns an interest in GSN. Other than as disclosed in this Item, as of the issuance date of this Disclosure Document, no officer of the franchisor or anyone listed in Item 2 has any ownership or other interest in any supplier.

New Products and Services, Review Criteria

If you would like to purchase any goods or services in establishing and operating the Franchised Restaurant that we have not approved, (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approver supplier criteria. We are not obligated to approve any such requests. You must pay our expenses to evaluate goods, services or suppliers. The cost of testing will range from $1,000 to $3,000 depending on the complexity of the products or services. If we do not answer within thirty (30) days, the product and/or services was not approved. Our criteria for approving or revoking approval of suppliers include: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production delivery and capability; and dependability and general reputation. Our decision, however, to approve or revoke approval of suppliers is subject to our sole and absolute discretion, without regard to any standard of reasonableness or other standards of care limiting our rights.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier. Additionally, we may, but are not required to, negotiate pricing arrangements, including volume discounts on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume.

Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

We estimate that approximately 80% to 85% of your expenditures for leases and purchases in establishing your franchised Restaurant will be for goods and services that must be purchased from us, our affiliates, or an approved or designated supplier.

We estimate that approximately 85% to 90% of your expenditures for leases and purchases in operating your franchised Restaurant will be for goods and services that must be purchased from us, our affiliates, or an approved or designated supplier.

We do not guarantee the availability of independent sources of supply for any particular item, product or service required to established or operate your Franchised Restaurant. We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve. We have no purchasing or distribution cooperatives serving our franchise System.

Miscellaneous

We must approve your Franchised Restaurant location and your lease agreement. The terms of the lease agreement which you may be required to enter into for your Restaurant are described in Item 11 below.

At our request, you must sign a Security Agreement which creates a security interest for our benefit in your inventory items, fixtures and equipment and other assets owned by you and used for the operation of, or related to, your Franchised Restaurant, in order to secure your obligations to us. The Security Agreement is included as an exhibit to the Franchise Agreement attached to this Disclosure Document. You must sign a Collateral Assignment of Lease agreement assigning all of your rights under your lease agreement to us, at our option, if your Franchise Agreement is terminated or expires. The Collateral Assignment is included an exhibit to the Franchise Agreement attached to this Disclosure Document.

You must purchase and use the computer software services and electronic cash register system designated by us from our designated supplier. We reserve the right to change our supplier of software services and electronic cash register system at any time. You must comply with all such changes at your sole cost and expense.

You are also required to expend certain amounts on your grand opening advertising and ongoing local advertising. All advertisements must be approved by us in writing before use. You must provide us with proof of these expenditures.

Insurance

You must obtain and maintain in full force and effect, the insurance policies we designate and as required under applicable law, at all times during the term of the Franchise Agreement. The insurance policies must protect you and us, and your and our respective officers, directors, partners, and employees, against any demand or claim for personal injury, death, or property damage, or any loss, liability, or expense arising from the operation of the Franchised Restaurant. These policies must be written by a responsible carrier or carriers acceptable to us, and must include, at a minimum (unless we required additional coverage and higher policy limits), the following:

Comprehensive General Liability Insurance (in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate), broad form contractual liability, broad form property damage, personal injury and advertising injury (in the amount of $1,000,000 per occurrence), completed operations, products liability (in the amount of $2,000,000 in the aggregate), and fire damage coverage, in the amount of $50,000, and naming us as an additional insured in each such policy or policies.

"All Risks" coverage for the full cost of replacement of the Franchised Restaurant premises and all other property in which we may have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property and Contents (Business Inventory and equipment) and Tenant Improvements Coverage equal to 100% of reconstruction value.

Employer's Liability in the amount of $1,000,000, Workers' Compensation (in an amount meeting state statutory requirements but not less than $500,000), liquor liability and dram shop insurance, and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located and operated.

Employment Practice Liability Insurance (EPLI) with a coverage limit of (state amount and available amounts with Farmers are $100,000, $250,000, $500,000 and $1,000,000) with varying deductibles that are available coverage but no more than $25,000 deductible per claim.

Business interruption insurance, in an amount equal to 100% of Franchisee's annual Gross Revenues for a period of at least 12 months coverage (actual or if not available, estimated and stated amount of coverage with no percentage of coverage or co-insurance clause), excluding ordinary payroll expenses, and naming us as an additional insured.

"Automobile liability" insurance for owned and non-owned (Hired Auto as well if a company may rent vehicles. You must also obtain and maintain "automobile liability" insurance, including coverage of vehicles not owned by you, but used for your Restaurant, with a combination of primary and excess limits of at least $1,000,000 If there is delivery, you must make sure that delivery coverage is included with both owned and non-owned auto coverage. Driving records should be checks prior to any hires and no more than one citation and/or auto accident on a possible new hire's driving record that also contains no DUI's, Suspensions, and must have an ACTIVE driver's license.

An umbrella policy with limits of at least $2,000,000 for general liability, auto and employer's liability.

You may, with our consent, have reasonable deductibles for the coverages described above. If you perform any construction, renovation, refurbishment or remodeling of the Franchised Restaurant, you must also obtain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us. You must provide us with a Certificate of Insurance evidencing these insurance coverages.

Pricing and Promotion Requirements

We reserve the right, subject to restrictions imposed under applicable law, to require Restaurants in the System to offer all products, items, and services at prices not to exceed the prices we publish from time to time. We currently do not prohibit our franchisees from charging prices lower than our suggested prices for any item and service; however, we reserve the right to do so in the future, to the maximum extent allowed under applicable law.

Except as stated in this Item 8, there are no goods, services, supplies, equipment, computer hardware and software or real estate which you must currently purchase or lease from us or our designee or from suppliers approved by us.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN FRANCHISE AGREEMENT and AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site Selection and Acquisition/Lease	Section 2 of the Franchise Agreement	Item 7 and 11
b.	Pre-Opening Purchases/Leases	Sections 4.2, 4.3 and 8.4, 9.1 through 9.6 of the Franchise Agreement	Item 6, 7 and 8

OBLIGATION		SECTION IN FRANCHISE AGREEMENT and AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
c.	Site Development and Other Pre-Opening Requirements	Sections 2, 4, and 8 of the Franchise Agreement	Items 6, 7 and 11
d.	Initial And Ongoing Training	Sections 7.1 through 7.3 of the Franchise Agreement	Item 11
e.	Opening	Sections 4.1.10 and 8.2 of the Franchise Agreement and Section 1.2 of ADA	Item 7, 8 and 11
f.	Fees	Section 5 of the Franchise Agreement and Section 2.1 of ADA	Items 5, 6, 7 and 11
g.	Compliance With Standards and Policies/Operating Manual	Sections 8, 9 and 10 of the Franchise Agreement	Item 8, 11, 14 and 16
h.	Trademarks And Proprietary Information	Section 10 of the Franchise Agreement	Items 13 and 14
i.	Restrictions On Products/Services Offered	Sections 8 and 9 of the Franchise Agreement	Item 8 and 16
j.	Warranty And Customer Service Requirements	Section 8.2.5 of the Franchise Agreement	Item 11
k.	Territorial Development and Sales Quotas	Section 1.2 of ADA	Item 12
l.	Ongoing Product/ Service Purchases	Sections 8 and 9 of the Franchise Agreement	Item 8 and 16

OBLIGATION		SECTION IN FRANCHISE AGREEMENT and AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
m.	Maintenance, Appearance and Remodeling Requirements	Sections 4 and 8 (including 8.03) of the Franchise Agreement	Item 8 and 11
n.	Insurance	Section 14 of the Franchise Agreement	Items 7 and 8
o.	Advertising	Section 13 of the Franchise Agreement	Items 6 and 11
p.	Indemnification	Section 21.3 of the Franchise Agreement and Section 9.4 of the ADA	Item 6
q.	Owner's participation/ Management/ Staffing	Sections 8 and 9 of the Franchise Agreement	Items 11 and 15
r.	Records/Reports	Section 12 of the Franchise Agreement	Item 6
s.	Inspections/Audits	Section 12.5 of the Franchise Agreement	Items 6 and 11
t.	Transfer	Section 15 of the Franchise Agreement and Section 6 of ADA	Item 17
u.	Renewal	Section 3.2 of the Franchise Agreement	Item 6 and 17
v.	Post-Termination Obligations	Section 18.3 of the Franchise Agreement and Section 5.3 of ADA	Item 6 and 17

OBLIGATION		SECTION IN FRANCHISE AGREEMENT and AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
w.	Non-Competition Covenants	Sections 18.2 and 18.3 of the Franchise Agreement and Section 7.1 of ADA	Item 12, 15 and 17
x.	Dispute Resolution	Section 24 of the Franchise Agreement and Section 8 of ADA	Item 17
y.	Security Agreement	Exhibit H to the Franchise Agreement	Item 8

ITEM 10.
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

ITEM 11.
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS ANDTRAINING

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

Pre-Opening Obligations

A. Before you open your Restaurant, we will do the following:

1. We will make available to you, at no charge, standard specifications for the construction of a prototypical Restaurant, including exterior and interior design and layout, display requirements, fixtures, equipment and signage. You shall, at your expense, adapt the standard specifications to the Franchised Restaurant. (Franchise Agreement, Section 6.1.1)

2. We will provide an initial training program prior to the opening of the Franchised Business for your Initial Training Team at the place we designate. (Franchise Agreement, Section 6. 1.2).

3. We will provide to you, on loan, one electronic copy of the Manual. The total number of pages in the Operations Manual is 318 pages. (Franchise Agreement, Section 6.1.4).

4. We will give you information and the identification of source from which you may purchase certain products, signage and location collateral material. (Franchise Agreement, Section 6.1.5).

B. Although not obligated to do so, we may also:

1. Provide such other training programs, after the opening of the Franchised Restaurant as we, in our sole discretion, deem appropriate. (Franchise Agreement, Section 6.2.1).

2. Provide such continuing advisory assistance to you in the operation of the Franchised Business, after the opening of the Franchised Restaurant, as we, in our sole discretion, deem advisable. (Franchise Agreement, Section 6.2.2).

3. Provide to you, periodically, as we, in our sole discretion, deem appropriate, advice and written materials concerning techniques of managing and operating the Franchised Restaurant, including required and suggested inventory and sales instructions, new developments and improvements in Restaurant layout and design, and new developments in services, merchandising and packaging of products and services, however, we are not obligated to assist you in obtaining your inventory. (Franchise Agreement, Section 6.2.3).

<u>Site Selection</u>

A. You must find an approved location and secure a lease for the Franchised Restaurant within ninety (90) days after you sign your Franchise Agreement. We do not select your site; however, your licensed real estate broker and location must be approved by us. In approving your site, we consider the general location, size of your proposed space, neighborhood, traffic patterns, area demographics, parking, physical characteristics and lease terms. We shall approve or disapprove the proposed location within thirty (30) days after the date that we receive all information that we reasonably request regarding the proposed location. Once you find an approved location and secure a lease for the location, you will have one hundred and eighty (180) days to open your Restaurant. If you do not find a site (or if we are unable to agree on an acceptable site) and open your Restaurant within the time periods required under your Franchise Agreement, we have the right to terminate your Franchise Agreement. The Franchise Agreement requires you to open for business no later than (a) two hundred and seventy (270) days after you sign the Franchise Agreement, or (b) one hundred and eighty (180) days after you enter into a lease agreement for the Franchised Restaurant. (Franchise Agreement, Section 4.1.10). At your request, we may assist you in finding an approved location, however, our assistance will in no way constitute an assurance, representation or warranty of any kind as to the suitability of the location, however, our assistance will in no way constitute an assurance, representation or warranty of any kind as to the suitability of the location, or for any other purpose. (Franchise Agreement, Section 2.2).

B. You must negotiate and obtain a lease agreement for the approved location at your expense and sign and deliver to us a Collateral Assignment of your rights under the lease agreement in order to secure your obligations and our rights under your Franchise Agreement. You must submit to us a copy of your lease before signing. We will require you to include certain provisions in your lease agreement, including the provision outlined in sub-section C below. Any assistance we may provide in negotiating your lease agreement, will in no way constitute an assurance, representation or warranty of any kind as to the suitability for the lease agreement for the operation of the Franchised Restaurant or for any other purpose. (Franchise Agreement, Section 2.2).

C. We require the inclusion of the following provisions in the lease agreement: (Franchise Agreement, Section 2.2)

1. A provision that restricts the use of the premises solely to the operation of your Franchise;

2. A provision that, if you fail to timely pay all amounts due to us, or the landlord, we have the right to charge and collect from you all resulting costs and expenses incurred by and penalties imposed on us;

3. A provision that prohibits you from subleasing or assigning all or any part of your rights or extending the term of or renewing the lease agreement without our prior consent;

4. A provision giving us the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under your Franchise Agreement or the lease agreement;

5. A provision reserving to us the right to receive an assignment of the leasehold interest upon the termination or expiration of the lease agreement or your Franchise Agreement;

6. A provision requiring the landlord to provide us with written notices of any defaults issued to you under the lease; and

7. Any other provision that we believe is necessary to protect our interests.

<u>Plans and Specifications for your Restaurant</u>

We provide to you, at no charge, standard, generic, prototypical plans and specifications for the construction of your Restaurant, including design and layout, display requirements, fixtures, equipment and signage. (Franchise Agreement, Section 6.1.1). You will then, at your expense, have specific plans and specifications for construction or conversion of the space for the Franchised Restaurant prepared by a licensed architect, who must be approved by us. You may request our assistance with the design layout for the Franchised Restaurant, which we may provide at our discretion. We are not contractually obligated to assist you with the design layout. Before you may begin construction, these plans and specifications must be approved by us in writing. Any changes or modifications must also be approved by us in writing. All construction and build-out costs will be at your sole expense.

You must ensure, before opening, that your Restaurant is accessible to, and useable by, persons with disabilities, meets the Standards for Accessible Design for new construction in the ADA Accessibility Guidelines ("ADAAG") as may be amended from time to time, or any more stringent accessibility standard under federal, state or local law. It is your responsibility to ensure that your Restaurant is constructed in compliance with all applicable laws, rules and regulations.

You must select a licensed, experienced, and insured local contractor to perform all necessary construction of your Restaurant, and you must purchase and install all fixtures, equipment and signs designated by us, at your expense. You must completely remodel or refurbish your Restaurant, at our request, no more frequently than every five (5) years unless you are required by your lease or applicable law to do so more frequently. We are a start-up franchisor and, as of the issuance date of this Disclosure Document, we have not imposed any remodeling or refurbishment requirements. We cannot predict the range of costs and expenses associated with any remodeling or refurbishment requirements. There are no limits on the costs and expenses you may incur in complying with any remodeling or refurbishment requirements. We do not expect that your costs and expenses you will incur in remodeling or refurbishing your Restaurant will exceed the cost you incur in initially building out your Restaurant.

Estimated Opening Time Period

We expect that franchisees will typically open their Restaurants within two hundred and seventy (270) days after you sign the Franchise Agreement, or (b) one hundred and eighty (180) days after you enter into a lease agreement for the Franchised Restaurant. The factors that affect this time are the ability to locate a suitable site and obtain a lease, financing or building permits, zoning and local ordinances, construction schedules, obtaining licenses and permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

Computer System

You must use all computer hardware and software applications that meet our specifications. You must purchase our designated computer system. The current computer system includes the following components: Toast POS System ("POS"). The POS software was not manufactured or produced specifically for our franchise system. You are required to pay ongoing monthly software and support fees to the POS system provider. You must also use the Toast POS System for merchant processing. The cost of the POS System required software and office computer system ranges from $9,000 to $21,000. There are no contractual limitations on the frequency and cost of upgrading or updating your computer system. You may be required to update, repair, or upgrade your POS system and components in the future.

You use the computer to, among other things, keep sales, inventory, and customer information. We may independently access the information in your computer system to audit your sales or analyze your operations. There are no contractual limitations on our rights to access your computer information.

You must make reasonable upgrades and updates to your computer system, at our request and at your expense. We need not assist you to obtain your computer hardware, software or related services, i.e., maintenance, upgrades or repairs. Except as provided by the manufacturer's warranties, neither we nor any third party has a contractual obligation to provide ongoing repairs, upgrades or updates to your hardware or software.

If we change or modify our electronic point of sale system or computer system used in Restaurants, you are required to change or modify your electronic point of sale or computer system to conform to our new standards.

Operations Manual

We provide to you, on loan, one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. (Franchise Agreement, Section 6.1.4). This Manual is confidential, contains our trade secrets, and remains our property. We may modify the Manual, but the modification will not alter your status and rights under your Franchise Agreement. The Table of Contents to our Operations Manual is attached as Exhibit E. As of the issuance date of this Disclosure Document, the total number of pages in the Operations Manual is 318 pages.

We give you advice as to products and supplies, however, we are not required to assist you in obtaining any products or supplies. (Franchise Agreement, Section 6)

We have no obligation to develop new products or services to be offered by you to your customers, hire or train employees, improve or develop the franchised business, establish prices, establish or use administrative, bookkeeping, accounting or inventory control procedures, or to resolve operating problems encountered by you in the operation of your Restaurant. We need not provide you with any other service or assistance before you open your Restaurant.

Ongoing Support

During your operation of the Franchised Restaurant, we provide you with advice regarding the management and operation of your Franchise, to the extent that we deem necessary and desirable.

As we deem appropriate, we also issue updated information and revisions to the Manual as new and improved methods, systems and procedures for the operation of your Franchise are developed or adopted by us. (Franchise Agreement, Section 11.5).

Advertising Council

We have not currently established an advertising council ("Advertising Council"), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time.

Advertising Fund

You are required to pay us an ongoing Brand Fund Contribution of up to three percent (3%) of your Gross Revenues for advertising and marketing (the "Brand Fund Contribution"). Currently, you must pay us one percent (1%) of your Gross Revenues. You must pay your Brand Fund Contribution to the Fund(s) on a weekly basis (or on such other date as we designate). Payments shall be made via ACH, electronic funds transfer, or, if we designate, by separate checks made payable to the Fund(s).

We will determine from time-to-time what portion of the Brand Fund Contribution you must (i) contribute to the Brand Ad Fund (as defined below); (ii) contribute to a Regional Ad Fund (as defined below); (iii) pay to us for Local Marketing Purposes (as defined below); or be spent directly by you for Local Marketing Purposes. We reserve the right to amend and adjust the allocation of the Brand Fund Contribution upon thirty (30) days written notice to you. You acknowledge and agree that the Brand Fund Contribution may be used as follows:

Brand Marketing Fund

At our sole discretion, the Brand Fund Contribution shall be paid to one or more funds to be used for the purpose of maximizing general public recognition and awareness of Restaurants and the System ("Brand Marketing Fund"), including, without limitation, expenditures reasonably related to the production, creation, development, administration and supervision of marketing and advertising programs and menu development for System Restaurants. We do not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from any marketing or advertising activity of any Fund, including the Brand Marketing Fund.

Regional Ad Funds

In addition to the establishment of the Brand Marketing Fund, we have the right in our sole discretion to establish one or more funds for the implementation of regional advertising programs intended to increase general public recognition and acceptance of System Restaurants in specific regions. Subject only to the limitation on the total amount of Brand Fund Contribution (3% of Gross Revenues), we may require you to contribute all or part of the Brand Fund Contribution to a regional fund implemented in your regional area ("Regional Ad Fund"). Fees allocated to a Regional Ad Fund will be used for the implementation, production, creation, development, administration and supervision of regional marketing and advertising programs and menu development for System Restaurants in the designated region. We do not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from any marketing or advertising activity of the Regional Ad Fund.

Local Marketing Purposes.

We may require that some or all of the Brand Fund Contribution be paid to us or our designee, or used directly by you, for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Franchised Restaurant in your local area ("Local Marketing Purposes"). If we elect to have you directly spend a portion of the Brand Fund Contribution for Local Marketing Purposes, you must submit to us for our review and approval, a marketing plan specifically describing how you propose to spend the designated portion of the Brand Fund Contribution for Local Marketing Purposes during each calendar quarter. If you do not spend the designated amount for Local Marketing Purposes as we direct, we will have the right, in addition to any and all other rights and remedies available under the Franchise Agreement or applicable law, to require you to immediately pay all sums you were required to, but failed to expend: (a) to one or more Funds established or designated by us, (b) to us to be used for Local Marketing Purposes, or (c) to expend the Local Advertising Deficiency, as we direct, for Local Marketing Purposes.

Administration

We may administer the Brand Marketing Fund or one or more Regional Ad Funds (the "Funds") ourselves, or designate or license a third party to do so. We may change, dissolve or merge any of the Funds at any time, in our sole discretion. We have sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional, and local advertising paid out of the Funds; and the Funds will be maintained and administered by us, or our designee, as follows:

The Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and neither we, nor the Funds, are obligated to make expenditures for you that are equivalent or proportionate to your contributions. We are not required to ensure that you benefit directly or pro rata from the placement of advertising.

The Funds, all Brand Fund Contributions and contributions to the Funds, and any earnings by the Funds, may pay for creating, producing, maintaining, administering, directing, conducting, printing and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, mobile applications, magazine, newspaper and other media advertising campaigns; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; on-line Internet advertising and marketing including click-through charges paid to search engines, sources of banner advertising and host sites; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

Brand Fund Contributions contributed to the Funds may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us, which we believe will promote general public awareness and favorable support for the System. We have no obligation to segregate Brand Fund Contribution payments or maintain accounts separate from our other funds. Brand Fund Contributions may be commingled with funds in our general accounts. We expect to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Funds at the end of any year will carry over to the next year. We expect to use any interest or other earnings of the Funds before using current contributions, but are not required to do so.

We are not required to prepare or provide you with any statements relating to the Brand Fund Contribution, the Funds or expenditures of the Funds, although we may do so at our option. The Funds will not be audited, unless we decide, in our sole discretion, to require an audit. If we choose to require an audit, all expenses for the audit will be paid out of Brand Fund Contributions contributed to the Funds. We may, but are not required to, create internally prepared, periodic statements of operations for the Funds. These statements, if created, may be made available to you, upon your reasonable prior written request.

We have the right to terminate any one or more of the Funds at any time. If a Fund is terminated, we are not required to return any Brand Fund Contribution contributed to any such terminated Fund by you and will expend any retained contributions for the terminated Fund for System advertising purposes. None of the Brand Fund Contributions paid to us are refundable at any time, including upon termination or expiration of the Franchise Agreement.

We may use the Brand Fund Contributions and Fund contributions to pay: the salaries and benefits of personnel who manage, administer and/or work the Fund(s) and its activities; administrative costs, travel expenses, meeting costs, overhead costs and expenses; a management fee payable to us, an affiliate and/or our designee; taxes on Brand Fund Contributions and contributions; market research; public relations; and the creation, preparation and production of advertising, promotions and marketing materials. We are not required to spend any of your Brand Fund Contributions and Fund contribution in your Protected Territory you are granted under your Franchise Agreement.

The Fund is not a trust. We have no fiduciary obligation to you for administering the Fund or for any other reason. We will not use Brand Fund Contributions principally to develop materials and programs to solicit franchisees. However, media, materials and programs prepared using Brand Fund Contributions and Fund contributions may describe our franchise program, reference the availability of franchises and related information and process franchise leads.

We may structure the Fund(s) organization and administration in any way that we determine. We may organize or reorganize the Fund into a separate entity as we deem appropriate and we may transfer all Brand Fund Contributions and Fund contributions and assets to the entity. We may require you to pay the Brand Fund Contributions directly to the entity.

During our fiscal year ending December 31, 2024, we collected a 1% Brand Marketing Fund fee and expended it as follows: 100% on Social Media Marketing.

Local Marketing

You must expend 2% of Gross Revenues or $1,000, whichever is greater on local advertising, marketing, sponsorships, public relations and promotions specifically identifying or featuring your Restaurant in your local area (your "Local Marketing Expenditure Requirement"). Expenses for employee salaries, wages, travel expenses, and menu printing and/or distribution do not count towards your Local Marketing Expenditure Requirement. We reserve the right to require you to submit to us, on a quarterly or monthly basis as we designate, a local marketing plan specifically describing how you propose to spend Local Marketing Expenditure Requirement. We also reserve the right to increase the minimum local advertising spend to 3% of your Gross Revenues or $1,000 whichever is greater.

If you do not meet your Local Marketing Expenditure Requirement, or if you fail to otherwise comply with your local marketing obligations, we have the right, in addition to any and all other rights and remedies available to us under the Franchise Agreement and applicable law, to (a) require you to immediately pay all sums you were required to, but failed to expend ("Local Advertising Deficiency"), to the Fund, (b) require you to spend the Local Advertising Deficiency in the manner designated or approved by us for local marketing purposes, or (c) require you to immediately pay the Local Advertising Deficiency to us to be expended by us or our designee directly in your Restaurant's area for local marketing purposes.

Cooperative Advertising

We encourage the formation and operation of franchisee cooperative advertising associations (each a "Co-op"). If formed, each Co-op will coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. Membership for each Co-op is defined by region, you must participate in the Co-op or lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event will you be required to be a member of more than one Co-op. We have the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by us in writing, and (b) 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. Any Franchisor-owned Restaurant that is located within the Co-op region may also be required to contribute to the Co-op. Franchisees will have the opportunity to review certain advertising and marketing documents in connection with the advertising and marketing programs the Co-op participates in.

No advertising or promotional plans or materials may be used by any Co-op, or furnished to its members, without our prior approval. We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-op, and/or from the obligation to contribute to the Co-op (including a reduction, deferral or waiver of such contribution), on written request of the franchisee stating reasons supporting the exemption. Our decision concerning such request for exemption shall be final. As of the issuance date of this Disclosure Document, you are not required to participate in any local or regional advertising cooperatives; however, we reserve the right to require your participation in the future.

Promotional Programs

We have the right to create national, regional, and/or local promotional programs that involve giveaways and/or sales at specified prices for the time periods we designate. We may develop digital promotions, social media promotions, customer loyalty programs, gift card programs, coupons and similar programs for time period we designate.

Grand Opening Advertising Campaign

You must conduct a Grand Opening Advertising Campaign for your Restaurant and expend $25,000 (the "Grand Opening Advertising Expenditure"). We may designate an approved supplier of local advertising and marketing services and may require you to engage that supplier's services in connection with the Grand Opening of your Restaurant. We may require you to expend the Grand Opening Advertising Expenditure in accordance with any approved or designated supplier's Grand Opening advertising program. You are required to prepare and submit to us a written plan detailing the grand opening advertising campaign no later than 30 days before the Franchised Restaurant's scheduled grand opening. Within four (4) months following the date the Franchised Restaurant opens for business, you must furnish us evidence as we may reasonably require to verify your compliance with the Grand Opening Expenditure requirements.

Use of Your Own Advertising Material including Electronic Media

You may develop advertising and promotional materials for your own use; however, we must approve all advertising promotional materials before you use them. If we do not approve or disapprove your proposed materials within fifteen (15) days of your submission, they will be deemed approved. We may require that a "tag line," stating that franchise and/or career opportunities are available, be included in any advertising.

You are prohibited from using the Marks and listing, marketing, advertising, or otherwise promoting your Franchised Business on or through the Internet, any social media site, mobile application, networking website, electronic media, or any emerging or future developed media outlet or platform, including Facebook®, TikTok, Snap Chat, Twitter®, LinkedIn®, Living Social®, Instagram®, Groupon®, YouTube, Pinterest, Foursquare, Yelp, Google, Yahoo, or any similar sites, without our prior written consent in each instance. We may withhold our consent for any reason and we may condition our consent on your compliance with our designated methods, procedures, rules and regulations. You may not post any content on the Internet, electronic media, mobile applications, social media or any future developed media outlet relating to the Franchised Restaurant or the System without first (a) obtaining our prior written consent (which we may grant or refuse in our sole and absolute discretion) and (b) complying with any and all restrictions, terms and conditions we impose. You must comply with any and all policies, terms and conditions we designate, including those related to privacy and security. We have the right to establish any requirement we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website.

We have the right to establish a website or other electronic system providing private and secure communications between us, our franchisees, and other persons and entities that we deem appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. We may periodically prepare agreements and policies concerning use of any extranet that you must acknowledge and sign.

Training

The training program we currently offer, which is subject to modification at any time, consists of the following:

We provide you an initial two-week training program that covers material aspects of the operation of the Franchised Restaurant. The topics covered are listed in the chart below. The following persons are required to attend and complete the initial training program: you and one other person to successfully complete the training program. If the franchisee plans to be an absentee owner, we will require you and two additional persons to attend and successfully complete the two-week initial training program (collectively, your

"Training Team" or "Franchisee Trainees"). You are permitted, but not required, to bring up to three additional persons to initial training at no charge.

We provide the initial training program to your Training Team. Your Training Team must complete the initial training program to our satisfaction. Your Training Team must satisfactorily complete the initial training no later than thirty (30) days before the opening of the franchised Restaurant. We expect that the Training Team will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training. Except as otherwise disclosed in this Item, we do not charge for initial training. You must pay for all travel costs, salaries (if applicable) and living expenses for yourself and the Training Team. These costs (not inclusive of salaries) are estimated in Item7. If you replace your designated manager, your new designated manager must attend our training program. You may be charged fees for additional training. Our current fees for additional training are described in Item 6. If the franchisee requests additional individuals to complete training, an additional per person training fee would be $1,000 per week. You are responsible for training your own employees and other management personnel. We currently conduct training programs on an as-needed basis, after you sign your franchise agreement and before you are required to begin operations, and do not have a regularly scheduled initial training programs at this time.

Your Franchised Restaurant must at all times be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program. After a replacement of the designated manager, he or she has sixty (60) days to complete initial training to our satisfaction. We may permit the replacement manager to complete the initial training at your Restaurant, in which case, you must pay our trainer(s) $500 per day per training plus all reasonable out of pocket expenses incurred by our trainer(s) including travel expenses, food, lodging, and auto rental expenses.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History of The Red Chickz	1		Carlsbad, CA
Use of the Manual	1		Carlsbad, CA
Tour of The Red Chickz	1		Carlsbad, CA
Pre-Opening Procedures	1		Carlsbad, CA
Personnel Issues	1	2	Carlsbad, CA
Advertising	1	0	Carlsbad, CA
Management Procedures	1	4	Carlsbad, CA

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Franchise Reporting Requirements	1	2	Carlsbad, CA
Accounting/Record keeping	1	2	Carlsbad, CA
Customer Service Procedures	1	3	Carlsbad, CA
Front/Back of House – Manager Duties	1	8	Carlsbad, CA
Back of House – Prep/Cook Procedures	1	32	Carlsbad, CA
Inventory Management	1	1	Carlsbad, CA
POS System	1	6	Carlsbad, CA
Cleaning Procedures	1	1	Carlsbad, CA
Safety Procedures	1	1	Carlsbad, CA
Totals	16	62	

The Initial Training will be conducted by Nima Christensen, who has nine (9) years of training experience. If circumstances require, a substitute trainer may provide training to you. We may periodically name additional trainers if the training schedule requires it. There are no limits on our right to assign a substitute trainer to provide training.

The initial training will occur in Carlsbad, California, and, at our discretion, at your Restaurant location. We will inform you of the dates and location of the training.

Periodically, you, your managers or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than one (1) of these programs in any calendar year and these programs will not exceed two (2) days during any calendar year.

We may require you to attend system conferences, including annual conferences, and to charge you a fee to attend.

ITEM 12.
TERRITORY

Franchise Agreement

Your Franchised Restaurant is to be located at a location to be approved by us. Once we approve your location, a "Protected Territory" will be granted to you. We will not establish or license another to establish a Restaurant within a specified area (your "Protected Territory"), during the term of your Franchise Agreement, with the exception of Restaurants located in Special Venues.

Minimum Protected Territory

We will describe your Protected Territory in your Franchise Agreement when we approve your site for the Franchised Restaurant. We will determine the size and boundaries of your Protected Territory in our discretion, based upon factors including geographic area, population density, character of neighborhood, location and number of competing business in the surrounding area, and other factors. While there is no minimum territory size and the exact size of each territory varies based on the applicable factors, the Protected Territory will be decided in our sole discretion based on the circumstances, and may be either a specified radius surrounding the restaurant, a geographic area described by zip codes, streets, highways, or other written description. Sections 1.3 and 1.4 of the Franchise Agreement fully describe the rights reserved to us.

As of the issuance date of this Disclosure Document, you are not permitted to offer delivery services within your Protected Territory. We may permit or restrict your ability to use third-party delivery services, and if we permit you to use third-party delivery services, you must comply with our designated rules, procedures and regulations. You must include all sales, including through third-party delivery services, in your Gross Revenues. You must comply with your royalty payment obligations in order to retain your Protected Territory. If you do not comply with your royalty payment obligations, subject to the notice and cure periods stated in your Franchise Agreement, we have the right to terminate your Franchise Agreement, which will eliminate all rights, including territorial protection. You are not required to achieve or maintain any given level of sales or to satisfy any other contingency in order to retain your Protected Territory and, provided that you are not otherwise in default under your Franchise Agreement, this will continue to apply even if the population in your Protected Territory increases, or you sell or transfer your Franchise.

Area Development Agreement ("ADA")

Under the terms of the ADA, we grant you the right to establish, according to a schedule, three (3) or more Restaurants within a geographical territory ("Development Area"). A Development Area is usually defined by zip codes or other boundaries such as streets, city, county, or state limits or by other reasonable boundaries. The number of Restaurants to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional Franchised Businesses within your Development Area or in contiguous areas.

Each additional Franchised Business must be open according to the Development Schedule described in the ADA, which will specify the number of Franchised Businesses to be open and the time frames within which they must be open. In the event that you fail to meet the mandatory Development Schedule and the ADA is terminated, you will retain your rights to any individual Businesses, including the territorial rights described in the Franchise Agreement for such Businesses, provided that the ADA was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Businesses for which there is no Franchise Agreement and your protection in the Development Area will terminate immediately. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

Special Venues

We reserve the right to establish and operate, or license others to establish and operate, Restaurant(s) in "Special Venues," including Special Venues located in your Protected Territory. The term "Special Venues" shall mean enclosed shopping centers, amusement/theme parks, train stations, resorts, mall food courts, airports, sports stadiums/areas, military bases, casinos and entertainment venues.

Relocation of Your Restaurant

Under the terms of the Franchise Agreement or ADA, you do not have the right to relocate your Restaurant without our prior written consent. If you are not in default under your Franchise Agreement or ADA, your Protected Territory will continue to apply even if you sell or transfer your Franchise. You are not granted any options, rights of first refusal or similar rights to acquire additional Restaurants.

If the lease agreement for your Approved Location expires or is terminated before the expiration of your Franchise Agreement or ADA, other than because of your default under the lease agreement or your Franchise Agreement or ADA, you have up to one hundred and eighty (180) days within which to: (i) find a new location for your Franchise which is acceptable to us and does not conflict with any rights granted by us to others; and (ii) secure a lease for the premises. You must open your re-located Franchised Business within one hundred and eighty (180) days after you find your new location and obtain a lease for the premises.

If the lease agreement for your Approved Location expires or is terminated before the expiration of your Franchise Agreement or ADA, you must use best efforts to secure a renewal of the existing lease. If you are unable to secure a renewal of the existing lease, you must find a new location which meets our then current site-selection criteria and which does not conflict with any rights granted to third parties, and secure a lease for this location within one hundred and eighty (180) days after the termination or expiration of the lease agreement. You must open your Restaurant for business at the new Approved

Location within one hundred and eighty (180) days after you secure the lease for the Approved Location. If you are unable to secure a renewal of your existing lease, and/or you do not find an Approved Location and open your Franchised Business, then your limited exclusivity with respect to your Protected Territory terminates and we may elect to terminate your Franchise Agreement or ADA.

If you are unable to secure a renewal of your existing lease (despite using best efforts), you must secure a new location approved by us. Your Franchise Agreement and ADA will remain in effect following the expiration or termination of the lease; provided, however, that you do not have to make royalty payments to us until the earlier of: (i) the date you find an Approved Location and secure a lease for the premises; or (ii) the expiration of one hundred and eighty (180) days from the date your lease expires or is terminated.

Non-Competition

If we terminate your Franchise Agreement or ADA, you may not, for a period of two (2) years thereafter, operate, engage in, provide assistance to, or have any interest in any business operating or granting franchises or licenses to others to operate a restaurant (a) offering or selling menu items of the type offered by the Franchised Restaurants; or (b) marketing itself as a dine-in, casual or quick service chicken restaurant that is, or is intended to be, located (a) at the Approved Location; (b) within a 25-mile radius of the Approved Location; or (c) within a 25-mile radius any other Restaurant. You further covenant that you shall not engage in unfair competition with us or any of our System Restaurants.

Reservation of Rights

We, or our affiliate(s), may: (i) establish and license others to establish The Red Chickz® Restaurants under the System at any location outside of your Protected Territory; (ii) establish and license others to establish retail stores, kiosks or the like under other systems, using other proprietary marks, which offer or sell other products or services which are located either within or outside of your Protected Territory; (iii) market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any products from any location or to any purchaser (whether the purchaser is located within or outside your Protected Territory) under any proprietary mark, including "*The Red Chickz*" and/or *"Hotter Than You",* through alternative channels of distribution, within or outside your Protected Territory, including through the Internet and wholesale distribution centers; (iv) establish or operate and license others to establish or operate a Restaurant or kiosk at any location outside the Protected Territory, regardless of the Franchised Restaurant's proximity to your Protected Territory; and (v) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not those businesses are competitive), including competing franchise systems with units operating in your Protected Territory. If we acquire a competitive business or a competitive franchise system with units operating in your Protected Territory, we and/or our licensees have the right to operate the business under the Marks in your Protected Territory without affording any rights to you or providing any compensation to you.

Restrictions on Solicitations

You are not permitted to solicit customers or advertise outside of your Protected Territory without our prior written approval. We may condition our approval on your agreement to offer other System franchisees who are operating Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of your solicitation and/or advertising. You are not permitted to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside of your Protected Territory without our prior written approval. We have the right to condition our approval on the terms that we determine necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.

While we will not establish or license another to establish a Restaurant within your Protected Territory, nothing in the Franchise Agreement and ADA prohibits us from soliciting or accepting business within your Protected Territory through alternative channels of distribution (e.g., the Internet, catalog sales, telemarketing or other direct marketing). We are not under any obligation to pay you compensation for any business we solicit or accept inside your Protected Territory.

While neither we, nor our affiliate, currently have any plan to open or operate, or to license others to open or operate additional restaurants under different marks, we and/or our affiliates or licenses may do so at any time in the future, including in your Protected Territory.

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

ITEM 13.
TRADEMARKS

You must operate your Restaurant under the Marks. Our current principal marks are identified on the chart below. The Franchise Agreement licenses you the right to operate a Restaurant under the Marks. We may require you to use other current or future developed trademarks to operate your Restaurant. The term "trademarks" means trade names, trademarks, service marks and logos used to identify the Franchised Restaurant. Throughout this Disclosure Document, our trademarks, including those developed in the future and licensed to you for use in connection with the operation of your Restaurant, may be referred to as the "Marks."

You are required to follow our rules when using the Marks. You are not permitted to use any of the Marks as part of a corporate, limited liability company, or other entity name, email address, electronic identifier or Internet domain name. You cannot use any of the Marks, except for those we license to you. You may not use any of the Marks for the sale of any unauthorized product or service, or in any manner we have not authorized in writing. The Marks licensed to you may only be used by you for the purpose of operating a Restaurant in accordance with the Franchise Agreement, Manual and System.

Our affiliate, Seven Dots, LLC, is the current owner of the Marks. The following principal marks are registered on the Principal Register of the USPTO:

Mark	Registration Number	Registration Date
The Red Chickz	5,834,407	August 13, 2019
Hotter Than You	5,897,111	October 29, 2019
Hotter Than You	5,821,590	July 30, 2019
Inspired by Passion, Driven by Results.	7,094,384	June 27, 2023
CEO of Wasting Sauce	7,237,942	December 5, 2023
The Crunchiest Hot Chicken	7,656,161	January 14, 2025
So Crunching Good!	7,661,877	January 21, 2025

Our affiliate licensed us the right to use the mark, and the right to license others to use the mark, in connection with the franchise system. The term of the license agreement is 20 years, and is automatically renewed for additional 10-year terms. If the license agreement is terminated or expires, your franchise agreement will be assigned to the trademark owner or its designee, authorizing you the right to continue use of the Mark through the expiration of your Franchise Agreement, subject to the restrictions set forth in your Franchise Agreement.

We expect and intend to file all required affidavits and renewals with the USPTO for the marks above, as and when they become due.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Mark in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Mark.

You do not receive any rights to the Mark other than the non-exclusive right to use them in the operation of your franchised Restaurant. You must follow our rules when you use the Mark. You must use the Mark as the sole trade identification of the franchised Restaurant. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. You must not use the Mark as part of any email address. Any unauthorized use of the Mark by you is a breach of the Franchise Agreement and an infringement of our rights in the Mark. You must not contest the validity or ownership of the Mark, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Mark.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Mark, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Mark.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised Restaurant for the new or modified Marks. There is no limitation on the costs you may be required to incur in complying with any designated changes or modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words "The Red Chickz", "Hotter Than You", or any variation thereof without our prior written consent.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We own copyrights in the Confidential Operations Manual, textbooks, our website, our social media pages, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised Restaurant and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating Restaurants. We may provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your franchised Restaurant. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the franchised Restaurant. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. An immediate family member is defined as a parent; sibling; child by blood, adoption, or marriage; spouse; grandparent or grandchild. A member of household includes any individual who resides at the same premises as the shareholder. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques, or materials concerning the franchised Restaurant and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

ITEM 15.
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED RESTAURANT

You, or if you are a corporation, limited liability company or other entity, at least one of your owners (the "Responsible Owner"), must devote his or her full time and effort to the active management and operation of the Franchised Restaurant; possess the authority and responsibility to manage and operate the Franchised Restaurant and to represent and act on your behalf in all dealings with us. If you wish to hire a manager in addition to the Responsible Owner, that person must meet our educational, managerial and business standards, must not have any interest in any competitive business, and must attend and satisfactorily complete our initial training program (the "Designated Manager"). The Franchised Restaurant must always be under the direct, full-time, day-to-day supervision of the Responsible Owner or Designated Manager. You must keep us informed at all times of the identity of your Designated Manager. If you must replace the Designated Manager, your replacement must attend and satisfactorily complete our initial training program.

As described in Item 14, certain individuals associated with your franchised Restaurant, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation, limited liability company or other business entity, anyone, and his/her spouse, who owns an interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Personal Guarantee attached to the Franchise Agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell the products, services and items we specify, including catering services. You may not sell any products that we have not authorized and you must discontinue offering any services or products that we disapprove. We may take action, including terminating your franchise if you purchase or sell unapproved products or services, or if you make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your franchised business.

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

A. SINGLE-UNIT FRANCHISE AGREEMENT

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document. You should refer to your state's specific addendum attached to this Disclosure Document for exceptions to this ITEM 17.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Length of the Franchise Term	Section 3.1	The term is 10 years.
b.	Renewal Or Extension Of The Term	Section 3.2	We will grant you a successor franchise agreement for a successor term of 10 years, subject to your eligibility and compliance with certain obligations.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c.	Requirements For You to Renew Or Extend	Sections 3.2.1 through 3.2.9	If you wish to obtain a successor franchise, you must pay a successor franchise fee equal to 50% of the then-current initial franchise fee, sign new agreement with materially different terms or conditions than your original contract, replace, upgrade or update equipment, sign a release, notify us in advance, not less than 180 days prior to the expiration of your then-current term of your desire to obtain a successor franchise, be in compliance with all terms and conditions of your existing franchise agreement, and complete any refresher training programs we may require.
d.	Termination By You.	Not applicable.	
e.	Termination By Us Without Cause	Not applicable.	
f.	Termination By Us with Cause	Section 16	We can terminate if you default.
g.	"Cause" Defined - Curable Defaults	Section 16.2, 16.3	You have a designated time period within which to cure certain defaults, i.e., non-payment of fees (10 days), non-submission of reports (5 days), default under other agreements between you and us, and other defaults under the Franchise Agreement (30 days).
h.	“Cause” Defined - Non-Curable Defaults	Sections 16.2.1-16.2.4, 16.2.9, 16.2.11, 16.2.20, 16.2.21, 16.2.22, 16.2.23,	Non-curable defaults include: failure to timely obtain an approved location and all licenses, permits and approvals; failure to open the Franchised Restaurant timely;

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		16.2.25, and 16.2.26	failure to complete training; if you file for bankruptcy, seek reorganization, liquidation or dissolution; abandonment of your Restaurant; conviction of felony, repeated defaults even if cured, loss or suspension of your business license, abandonment, trademark misuse, unapproved transfers; termination of other franchise agreements between you and us; and other defaults listed in Section 16.2.
i.	Your Obligations on Termination/Non-Renewal	Section 17	Obligations include complete de-identification and payment of all amounts due (see also r. below).
j.	Assignment Of Contract by Us	Section 15.1	There is no restriction on our right to assign.
k.	"Transfer" By You – Defined	Sections 15.2 and 15.3	Includes transfer of contract or assets or ownership change.
l.	Our Approval of Transfer by You	Section 15.2	We have the right to approve all transfers but will not unreasonably withhold our approval.
m.	Conditions For Our Approval of Transfer by You	Section 15.4	New franchisee qualifies, transfer fee paid, training arranged, release signed by you and current agreement signed by new franchisee (also see r. below).
n.	Our Right of First Refusal to Acquire Your Franchise	Section 15.5	We can match any offer for your franchise.
o.	Our Option to Purchase Your Franchise	Section 18.2.	We have the option to purchase your franchise upon expiration or termination of the Franchise Agreement.
p.	Your Death or Disability	Section 15.7	Franchise must be assigned by your estate to

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			an approved buyer within 6 months.
q.	Non-Competition Covenants During the Term of The Franchise	Section 18.2	No involvement in a competing business.
r.	Non-Competition Covenants After the Franchise Is Terminated Or Expires	Section 18.3	No involvement in a competing business for 2 years at the Approved Restaurant Location, within a 25-mile radius of the Approved Restaurant Location, or within a 25-mile radius of any other Restaurant (including after assignment).
s.	Modification Of the Agreement	Section 25.4	No modifications to the Franchise Agreement unless the modifications are in writing and signed by both parties. We may change the Operations Manual and System Standards at any time.
t.	Integration/merger clause	Section 25.4	Only the terms of the Franchise Agreement and any other agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. No claim made in a franchise agreement or any related agreement is intended to disclaim the express representations in this Franchise Disclosure Document
u.	Dispute Resolution by Arbitration or Mediation	Section 24.2 and 24.3	With the exception of certain actions by us, as explained in the Franchise Agreement, all claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be arbitrated in Nevada. The arbitration will occur with each respective party paying their own costs.
v.	Choice Of Forum	Section 24.1	Litigation must be in the state or Federal

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			courts in the State of Nevada. (Subject to state law. See the state specific addenda attached to this Disclosure Document)
w.	Choice Of Law	Section 24.1	Nevada law (Subject to state law. See the state specific addenda attached to this Disclosure Document)

B. AREA DEVELOPMENT AGREEMENT

This table lists important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this FDD.

	PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
	a. Term of the franchise	Section 5.1	Commences on the date of the ADA is signed and ends on (a) the date the final Restaurant you are required to develop under the ADA has opened; or (b) the Opening Deadline for the last Restaurant you are required to open under the ADA.
	b. Renewal or extension of the term	Section 5.1	The ADA is not subject to renewal.
	c. Requirements for you to renew or extend	Not applicable	N/A
	d. Termination by you	Not applicable	N/A
	e. Termination by us without cause	Not applicable	N/A
	f. Termination by us with cause	Section 5.2	We can terminate you for cause.
	g. “Cause” defined – defaults which can be cured	Section 5.2	If you commit a default under the ADA (other than the type of default disclosed in (h) below, which defaults are non-curable), you have 15 days after you receive notice from us to cure the default identified in the notice.

	PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
	h. “Cause” defined – non-curable defaults	Section 5.2	We have the right to terminate the ADA effective immediately on notice to you if you commit a Material Default, including: (i) you fail to meet your Minimum Development Obligations; (ii) you commit any conduct that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or the System; (iii) the termination of any Franchise Agreement entered into by you or any of your affiliates and us and any of our affiliates; (iv) uncured default under any such Franchise Agreement; (v) violation of the confidentiality and/or non-competition covenants; and (vi) failure to cure any other default within 15 days after notice.
	i. Your obligations on termination/nonrenewal	Section 5.3, Section 7.1.2, 7.3	Comply with covenants and all post-term obligations of the Development Agreement.
	j. Assignment of contract by us	Section 6.1	No restriction on our right to assign.
	k. “Transfer” by you – definition	Section 6.2	Includes transfer of the ADA or your ownership change.
	l. Our approval of transfer by you	Section 6.2	You are not permitted to assign or transfer the ADA.
	m. Conditions for our approval of transfer	Not applicable	You have no right to transfer or assign the ADA.
	n. Our right of first refusal to acquire your business	Not applicable	N/A
	o. Our option to purchase your business upon termination or non-renewal	Not applicable	N/A
	p. Your death or disability	Not applicable	N/A
	q.Non-competition covenants during the term of the franchise	Section 7.1.1	You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined in the franchise agreement), other than any other Restaurant; or (b) divert or attempt to divert any business or customer or prospect of the Franchised Restaurant to any competitor, by

	PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
			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 Marks or the System.
	r. Non-competition covenants after the franchise is terminated or expires	Section 7.1.2	During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25-mile radius of any Restaurant in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.
	s. Modification of the agreement	Section 9.10	No modification except by written agreement signed by both parties.
	t. Integration/merger clause	Section 9.10	Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable.
	u. Dispute resolution by arbitration or mediation	Section 8	Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law).

	PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
	v. Choice of forum	Section 8.1	Mediation and arbitration must be held in Las Vegas, NV (subject to state law). (or if our corporate headquarters is no longer in Las Vegas, NV, the county in which our corporate headquarters is then-located)
	w. Choice of law	Section 8.3	Nevada law (Subject to state law. See the state specific addenda attached to this Disclosure Document)

ITEM 18.
PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

HISTORICIAL FINANCIAL PERFORMANCE REPRESENTATION

As of December 31, 2024, there were three Franchised Restaurants in operation and two affiliate-owned Restaurants in operation. Only one of the three Franchised Restaurants was open for the entire 2024 calendar year (the "Measurement Period") and the remaining two first opened for business during the 2024 calendar year. The historical financial performance information set forth in this Item 19 includes certain financial performance information for this one Franchised Restaurant (the "Item 19 Restaurant") during the Measurement Period.

TABLE 1 – TOTAL SALES INFORMATION
THE ITEM 19 RESTAURANT (2024 CALENDAR YEAR)

	San Diego, CA *Opened in 2023*

Total Sales[1]	$1,457,743

Notes Regarding Financial Performance Information

1. Total Sales includes all money received in connection with the operation of the Item 19 Restaurant during the Measurement Period, as reported to us by the Item 19 Restaurant.
2. The Item 19 Restaurant is located in San Diego, California and first opened for business in the 2023 calendar year.

Written substantiation for the financial performance representation will be made available upon reasonable request. The information disclosed in this Item 19 was reported and/or provided to us by the Item 19 Restaurant. We have not audited or otherwise independently verified the information disclosed in this Item 19.

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

We do not reasonably anticipate any material financial or operational characteristics of the above location differing materially from any future operational franchise outlets.

Other than as expressly disclosed in this Item above, we do not make any 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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Shawn Lalehzarian, 107 East Charleston, 242, Clark County, Nevada 89104, franchise@theredchickz.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2022	0	0	0
	2023	0	1	+1
	2024	1	3	+2

Company-Owned*	2022	1	2	+1
	2023	2	2	0
	2024	2	2	0
Total Outlets	2022	1	2	+1
	2023	2	3	+1
	2024	3	5	+2

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 to 2024		
State	**Year**	**Number of Transfers**
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS 2022 TO 2024								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
California	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Total	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3

Table No. 4

STATUS OF COMPANY-OWNED* OUTLETS FOR YEARS 2022 TO 2024							
State	**Year**	**Outlets at Start**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**

		of Year					
California	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Total	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2024			
State	**Franchise Agreements Signed But Outlet Not Yet Opened**	**Projected New Franchised Outlets In The Next Fiscal Year**	**Projected New Company-Owned Outlet in the Next Fiscal Year**
CA	4	1	0
TX	3	0	0
NC	10	0	0
NJ	6	0	0
Total	23	1	0

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with us. As of the issuance date of this disclosure document, no system franchisees have signed confidentiality clauses restricting their ability to speak openly about their personal experience with us during the last 3 fiscal years. 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.

Current franchisee information, including store addresses and telephone numbers, is disclosed in Exhibit D to this Disclosure Document. Exhibit D also includes is a list of the name, city and state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who has had a franchise terminated, transferred, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the Issuance Date of this Disclosure Document, there were no trademark-specific franchisee organizations associated with the System that have either been created, sponsored or endorsed by us, or that have been incorporated or otherwise organized under state law and have requested us to be included in this Disclosure Document within the 60-day period following the close of our fiscal year.

ITEM 21.
FINANCIAL STATEMENTS

THE FOLLOWING FINANCIAL STATEMENTS ARE ATTACHED TO THIS DISCLOSURE DOCUMENT AS EXHIBIT F:

1. Audited Financial Statements for the fiscal years ended 12/31/2024; 12/31/2023 and 12/31/2022.

Our fiscal year end is December 31.

ITEM 22.
CONTRACTS

THE FOLLOWING AGREEMENTS PROPOSED FOR USE IN THIS STATE ARE ATTACHED AS EXHIBITS TO THIS DISCLOSURE DOCUMENT:

B	Franchise Agreement (and all exhibits)
C	Area Development Agreement (and all exhibits)
G	Sample Release
H	State Specific Addenda

ITEM 23.
RECEIPTS

Exhibit J of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document with an issuance date of **April 25, 2025** by you. Please note that the issuance date is not the effective date for any registration state. Please refer to the state effective dates provided at the end of this Disclosure Document, immediately preceding the Receipt under the page titled "State Effective Dates – 2025." You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: 107 East Charleston, 242, Clark County, Nevada 89104 at (213) 489-2600.

EXHIBIT A TO
RED DOT RESTAURANT GROUP, INC’S
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
California Department of Financial Protection and Innovation
TOLL FREE 1-(866) 275-2677

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

Sacramento Office
2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677

San Francisco Office
One Sansome St., Suite 600
San Francisco, CA 94104
(415) 972-8565

CONNECTICUT
Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800
Tel: (860) 240-8230

FLORIDA
Tom Kenny, Regulatory Consultant
Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, Florida 32314
Tel: (850) 488-2221
Fax: (850) 410-3804

HAWAII
(for service of process)
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division

ILLINOIS
Franchise Bureau
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
Indianapolis, Indiana 46204

(state agency)
Securities Commissioner
Indiana Secretary of State
Securities Division, Franchise Section
302 West Washington Street,
Room E-111
Indianapolis, Indiana 46204
Tel: (317) 232-6681

IOWA
Dennis Britson
Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, Iowa 50319-0066
Tel: (515) 281-4441
Fax: (515) 281-3059
Email: iowasec@iid.state.ia.us

MARYLAND
(for service of process)
Maryland Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

(state agency)
Office of the Attorney General
Division of Securities
200 St. Paul Place

Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

(state agency)
Department of Commerce &
Consumer Affairs
King Kalakaua Building
335 Merchant Street, Rm 203
Honolulu, Hawaii 96813
Tel: (808)586-2722
Fax: (808) 587-7559

MICHIGAN
(for service of process)
Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
PO Box 30054, 6546 Mercantile Way
Lansing, Michigan 48909
Tel: (517) 241-6470

MICHIGAN
(state agency)
Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Section
670 Law Building
Lansing, MI 48913
Tel: (517) 373-7117

MINNESOTA
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-2198
Tel: (651) 539-1600

NEBRASKA
Gene Schenkelberg, Securities Analyst
Department of Banking & Finance
1200 N. Street, Suite 311
P.O. Box 95006

Baltimore, Maryland 21202-2020
Tel: (410) 576-6360

NEW YORK
(state agency)
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Tel: 212-416-8236

NORTH DAKOTA
(for service of process)
North Dakota Securities Commissioner
North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505-0510

(state agency)
North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505-0510
Tel: (701) 328-2910

OREGON
Director, Department of Consumer &
Business Services
Division of Finance & Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
Tel: (503) 378-4140
Fax: (503) 947-7862
Email: dcbs.dfcsmail@state.or.us

RHODE ISLAND
Director, Department of Business
Regulation Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903-4232

(state agency)
Director

Lincoln, Nebraska 68509
Tel: (402) 417-3445

NEW YORK
(for service of process)
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

TEXAS
Statutory Document Section
Secretary of State
1719 Brazos
Austin, Texas 78701
Attn: Dorothy Wilson
Tel: (512) 475-1769

UTAH
Director, Division of Consumer Protection
Utah Dept. of Commerce
160 East Three Hundred South
SM Box 146704
Salt Lake City, Utah 84114-6704
Tel: (801) 530-6601
Fax: (801) 530-6001

VIRGINIA
(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

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

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

WASHINGTON
(state agency)
Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
Tel: (360) 902-8760
Fax: (360) 902-0524

WISCONSIN
Commissioner of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768
Tel: (608) 266-2801

WASHINGTON
(for service of process)
Administrator
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

EXHIBIT B TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

RED DOT RESTAURANT GROUP, INC.
FRANCHISE AGREEMENT

Section | Page

FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement”) is made and entered into this ____________ day of _________ 202_____, by and between Red Dot Restaurant Group, Inc., a Nevada corporation with its principal of business at 107 East Charleston, 242, Clark County, NV 89104 (“Franchisor,” "Red Dot" "we," "us," or "our"), and _________________________________(“Franchisee,” “you,” or “your.”)

BACKGROUND

A. Red Dot, as the result of the expenditure of time, skill, effort and money, owns and continues to develop a franchise system (the “System”) involving the establishment and operation of fast casual restaurants offering Nashville hot chicken served with “comeback sauce” and other designated menu items, which may include sandwiches, wings, tenders, shrimp and side items such as coleslaw, potato wedges, cheese curds and pickle slices along with beverages for dine-in, take out, delivery and catering consumption, under Red Dot’s designated marks (each a “Restaurant”).

B. The characteristics of the System include, without limitation sales and operating methods; interior and exterior design; décor; layout; fixtures and furnishings; recipes; food preparation and presentation techniques; customer service and development techniques; procedures for inventory and management control; uniform standards and procedures for efficient business operations; training and assistance; marketing programs; menu items and pricing; all of which may be changed, improved and further developed from time to time by Red Dot.

C. Red Dot identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks The Red Chickz®, Hotter Than You® and the The Red Chickz logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by Red Dot in writing for use in connection with the System (the “Proprietary Marks” or “Marks”).

D. Red Dot has the right to establish System “Standards and Specifications” for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Restaurant's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers.

E. You are required to comply with Red Dot’s Standards and Specifications, which Red Dot has the right to (and expects to) change and modify over time. Red Dot's Standards and Specifications will be communicated to you in writing through Red Dot’s Operations Manual and other written forms. You acknowledge that complete uniformity may not be possible or practical throughout the System.

F. You desire to enter into the business of operating a Restaurant under the System and to obtain a license from Red Dot for that purpose.

G. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

H. You understand and acknowledge the importance of Red Dot’s high standards of quality, cleanliness, appearance, and service, and the necessity of operating the business franchised under this Agreement in conformity with Red Dot’s Standards and Specifications.

AGREEMENT

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

SECTION 1. GRANT; RESERVATION OF RIGHTS

1.1 Grant of License. Red Dot hereby grants to you, a non-exclusive license, and you accept the obligation, to operate a single Restaurant (the "Franchised Restaurant" or the "Franchised Business") at the Approved Restaurant Location (as defined in the Contract Data Schedule attached to this Agreement as Exhibit A, which is incorporated herein by reference as set forth fully herein ("Exhibit A"), and to use the Proprietary Marks and the System solely in connection with the operation of the Restaurant, strictly in accordance with the terms and conditions contained in this Agreement. You shall not engage in any other business at the Approved Restaurant Location. You acknowledge and agree that you are obligated to operate the Franchised Restaurant for the duration of the Term. The background paragraphs A through H set forth at the beginning of this Agreement are hereby incorporated by reference as if set forth fully herein.

1.2 Protected Territory Rights. During the Term of this Agreement, so long as you are in substantial compliance with your obligations under this Agreement, and subject to Red Dot's Reservations of Rights set forth in Sections 1.3 and 1.4 below, Red Dot shall not establish, nor license any other person to establish, a Restaurant under the System at any location within the geographic area described in Exhibit A (the "Protected Territory").

1.3 Reservation of Rights. You expressly acknowledge that the license granted under this Agreement is nonexclusive and that any territorial protection afforded to you under this Agreement relates solely to the operation of the Franchised Restaurant using the Marks and System at the Approved Restaurant Location during the Term. Red Dot retains all other rights. Specifically, but not exclusively, and without limiting the generality of the foregoing, Red Dot, and/or its affiliates, has the right, without granting you any rights therein, to:

1.3.1 establish, and/or license others to establish, restaurants and/or businesses under other systems, using other proprietary marks, which offer or sell other products and services within the Protected Territory;

1.3.2 market, sell and distribute, directly or indirectly, or license others to market, sell and distribute, directly or indirectly, any products, from any location or to any purchaser (whether within or outside the Protected Territory), using the Marks or other trademarks or service marks through alternative channels of distribution, including through the Internet, supermarkets and wholesale distribution centers;

1.3.3 advertise and promote the System within the Protected Territory;

1.3.4 establish and/or operate and license others to establish and/or operate a Restaurant or business at any location outside the Protected Territory, notwithstanding such business's proximity to the Protected Territory; and

1.3.5 acquire, be acquired by, merge or affiliate with or engage in any transaction with any other business (whether or not these businesses are competitive), including competing franchise systems with restaurants operating in the Protected Territory. If Red Dot acquires a competitive business or a competitive franchise in the Protected Territory, Red Dot has the right to operate or license a third party to operate such competitive business in the Protected Territory under the Marks without affording any rights to you or providing you with any compensation.

1.4 Special Venues. Red Dot shall have the right to develop, open and operate, and to license others the right to develop, open and operate, Restaurant(s) in any Special Venues, including any Special Venue located within the Protected Territory, without providing you any rights therein or compensation therefor. The term "Special Venues" shall mean non- traditional venues, including, without limitation, enclosed shopping centers, amusement/ theme parks, train stations, resorts, mall food courts, airports, sports stadiums/venues, military bases, casinos, entertainment venues, and other locations within institutional or public facilities.

1.5 Modifications to the System.

1.5.1 You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, economic circumstances, demographics, populations, consumer trends, societal trends, regulations, and other marketplace variables. Accordingly, you expressly understand and agree that Red Dot may supplement, improve, and otherwise modify the System at any time in the future, in Red Dot's sole discretion. In the interest of preserving the integrity of the System, Red Dot shall have full control and discretion over such developments, and you shall comply with all of Red Dot's requirements in that regard, including, without limitation, offering and selling new or different products or services, participating in specific promotions, including price-point promotions, or discontinuing sales of certain products or offering of certain services. Red Dot will provide you with reasonable notice of any System modifications and you shall be required to comply with any such modifications within the time period specified in the notice. Red Dot shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

1.5.2 If you, any of your owners if you are a legal entity (each an "Owner"), or any of your employees, develop any new modification, concept, process, improvement or slogan related to the operation or promotion of the Franchised Restaurant or the System, the same shall be deemed a work made for hire. You shall promptly notify Red Dot of and provide Red Dot with all necessary information regarding such modification, concept, process, improvement or slogan. You acknowledge that any such modification, concept, process, improvement or slogan shall become Red Dot's sole and exclusive property and that Red Dot may use, and allow other franchisees to use, the same in connection with the System and the operation of Restaurants, without compensation to you.

1.6 Acknowledgments; No Additional Rights.

1.6.1 You acknowledge and agree that this Agreement relates solely to, and is limited to, the operation of the Franchised Restaurant at the Approved Restaurant Location, and affords you no right, title or interest in any additional franchises to be operated at any other location (subject to relocation of the Franchised Restaurant, if authorized, in accordance with the terms and conditions of this Agreement). You shall not, without the express written permission of Red Dot, which permission may be withheld in Red Dot's sole and absolute discretion, offer or sell products or services through any other means or locations, including, without limitation, retail or wholesale stores, supermarkets, grocery stores, convenience stores, temporary locations, portable carts, kiosks or trailers, catalogs, mail order or electronic means (including the Internet).

1.6.2 You hereby acknowledge that, as a franchisee, you are required to comply with the Standards and Specifications, which Red Dot has the right to (and expects to) change and modify over time. Red Dot's Standards and Specifications shall be communicated to you in writing through the Operations Manual (as defined in this Agreement) and in any other form that Red Dot may deem necessary or desirable from time to time. You acknowledge that complete uniformity may not be possible or practical throughout the System. You further acknowledge and agree that Red Dot is under no obligation to continue to offer or to sell franchise opportunities in the future and may elect to cease offering and selling franchises at any time in Red Dot's sole and absolute discretion without any liability to you.

SECTION 2: APPROVED RESTAURANT LOCATION

2.1 Approved Restaurant Location.

2.1.1 Site Selection Period. If you have not secured an Approved Restaurant Location as of the Effective Date, you shall at your sole cost and expense, (a) find a location within the Designated Area identified in Exhibit A for the Franchised Restaurant, which location shall be subject to Red Dot's prior approval, which may be granted or withheld in Red Dot's sole and absolute discretion, (b) enter into a binding lease agreement for the location within ninety (90) days after signing this Agreement in accordance with the terms and conditions of this Agreement, and (c) begin constructing and equipping the Franchised Restaurant in strict accordance with Red Dot's then-current standards, procedures, plans and specifications.

2.1.2 You shall submit your proposed site for the Franchised Restaurant in writing in advance to Red Dot for approval of the location. Red Dot will approve or disapprove the proposed location within thirty (30) days after the date Red Dot receives all information Red Dot requests regarding the proposed location. If Red Dot does not approve or disapprove the proposed location within this 30-day period, the proposed location will be deemed disapproved.

2.1.3 You acknowledge that the location, selection, procurement and development of the site for the Franchised Restaurant are your responsibilities. You further acknowledge that Red Dot's approval of a site and/or rendering of assistance in the selection of any site, does not constitute a representation, promise, warranty or guarantee, express or implied, by Red Dot, its officers, employees, directors or agents, as to the potential sales volume, profits, or success of the Franchised Restaurant to be developed, opened and operated by you at the location. Red Dot will not have any liability to you with respect to any assistance Red Dot provided to you in making your selection, and in Red Dot's recommendation or approval of any location.

2.1.4 If you do not secure an Approved Restaurant Location within ninety (90) days after signing this Agreement, Red Dot has the right to immediately terminate this Agreement.

2.1.5 Once the location for the Franchised Restaurant is secured in accordance with the terms of this Agreement, the parties shall amend Exhibit A to identify the approved location as the "Approved Restaurant Location."

2.2 Lease Requirements. You shall acquire or lease the Approved Restaurant Location at your expense. If you lease the Approved Restaurant Location, you must obtain Red Dot's prior written approval of the licensed real estate broker and lease, which may be granted or withheld in Red Dot's sole and absolute discretion, before entering into a lease agreement. You shall provide a copy of the proposed lease agreement to Red Dot before you sign any lease agreement. You agree that Red Dot does not guarantee that the terms, including rent, will represent the most favorable terms available in the market. You shall provide Red Dot with a copy of your fully executed lease agreement immediately after signing. Red Dot is not required and has no obligation to negotiate the terms of your lease. Red Dot requires the inclusion of certain provisions in the lease, including but not limited to:

2.2.1 The requirement that you and the landlord execute and deliver to Red Dot a collateral assignment of your rights under the lease in the form attached to this Agreement as Exhibit C, pursuant to which you must, at Red Dot's option, assign all of your rights under the lease to Red Dot or its designee upon termination or expiration of this Agreement.

2.2.2 A provision that, if you fail to timely pay all amounts due to Red Dot, or the lessor, Red Dot has the right to charge and collect from you all resulting costs and expenses incurred by and penalties imposed on Red Dot.

2.2.3 A provision which restricts the use of the premises solely to the operation of the Franchised Restaurant.

2.2.4 A provision which prohibits you from subleasing or assigning all or any part of your occupancy rights, or extending the term of or renewing the lease, without Red Dot's prior written consent, which Red Dot may withhold in its sole and absolute discretion.

2.2.5 A provision giving Red Dot the right to enter the premises to make modifications necessary to protect the Marks or the System, or to cure any default under this Agreement, including the right to de-identify the Approved Restaurant Location as a Restaurant and to remove or destroy any material bearing any of the Marks.

2.2.6 Any other provision which Red Dot deem necessary in its sole and absolute discretion.

2.3 Relocation. You may not relocate the Franchised Restaurant unless you (a) obtain Red Dot's prior written consent, which may be granted or withheld in Red Dot's sole and absolute discretion, and (b) meet and satisfy all of the following conditions at the time of such relocation: (i) you are not in default under this Agreement, any other Agreement between Red Dot, or any of its affiliates on the one hand, and you; (ii) you and all persons and entities that have executed the Personal Guarantee agreeing to be bound by your obligations under this Agreement (each a "Guarantor", collectively "Guarantors") have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the them remaining term of this Agreement); (iii) you have secured a site which meets with Red Dot's then-current size and demographic requirements, and if you are leasing the space, you have submitted the proposed lease agreement for Red Dot's review; (iv) you agree to equip and furnish your new Franchised Restaurant so that it meets the standards of appearance and function applicable to new System Restaurants at the time of relocation; (v) you and your Guarantors and Owners shall have executed a general release, in a form satisfactory to Red Dot, of any and all claims against Red Dot, its affiliates, parents, subsidiaries and their respective members, managers, directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individualized capacities including, without limitation, claims arising under this Agreement, any other agreement between you and Red Dot or its affiliates, and federal, state and local laws and rules; and (vi) you may cease to operate the Franchised Restaurant for no more than one (1) day only for the purposes of moving all equipment from the old Approved Restaurant Location to the new Approved Restaurant Location. If Red Dot consents to the relocation, Franchisee shall pay to Red Dot an "Offset Fee" equal to 50% of the then-current initial franchise fee immediately upon receipt of Red Dot's written consent. If Red Dot consents to any proposed relocation, you shall comply with any and all conditions imposed by Red Dot in connection with any such approved relocation, including, without limitation, compliance with site selection criteria, construction and build- out requirements, lease requirements, and opening requirements.

2.4 Lease Renewal Efforts. If the term of the lease for the Franchised Restaurant is shorter than the Term of this Agreement, you shall use your best efforts to obtain a renewal of the existing lease of the Franchised Restaurant premises, or a new lease for the Franchised Restaurant premises, to enable you to continue to operate the Franchised Restaurant at the Approved Restaurant Location for the duration of the entire term of this Agreement. You shall provide Red Dot with written notice of your lease expiration no later than eight (8) months prior to the expiration of your lease term.

SECTION 3: TERM & SUCCESSOR FRANCHISE

3.1 Initial Term. The initial term of this Agreement shall commence on the Effective Date and shall expire ten (10) years from the Effective Date, unless sooner terminated by Red Dot in accordance with the terms of this Agreement (the "Initial Term" or "Term").

3.2 Successor Franchise Agreement. Upon the expiration of the Initial Term, Franchisee shall have the option to obtain a Successor Franchise Agreement for an additional ten (10) year term ("Successor Term"); provided, however, that this Agreement has not been terminated and you have complied with the following conditions precedent:

3.2.1 You shall deliver written notice to Red Dot of your desire to obtain a Successor Franchise Agreement no later than one hundred and eighty (180) days prior to the expiration of the Initial Term;

3.2.2 You shall not be in default of any provision of this Agreement, any amendments or successors to this Agreement, or any other agreement between you (or any of your Owners, Guarantors or affiliates) and Red Dot and/or its subsidiaries and affiliates at the time you deliver the notice required under Section 3.2.1 above, or on the date the Initial Term expires;

3.2.3 You must not have received more than three (3) written notices of default of this Agreement during the Initial Term, nor more than two (2) such notices during the five years (5) immediately preceding the expiration of the Initial Term;

3.2.4 You shall have satisfied all monetary obligations owed by you to Red Dot and Red Dot's subsidiaries and affiliates;

3.2.5 You shall make any renovations and improvements to the Franchised Restaurant as Red Dot deems necessary to modernize, renovate, equip and decorate the Franchised Restaurant to reflect Red Dot's then-current System standards;

3.2.6 You shall execute Red Dot's then-current form of franchise agreement (the "Successor Franchise Agreement"), which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement and may include increased fees (including increased Royalty Fee and Brand Fund Contribution); provided, however, that you shall not be required to pay another initial franchise fee. You must sign the Successor Franchise Agreement at least thirty (30) days before the Initial Term expires;

3.2.7 You shall execute a general release, in a form prescribed by Red Dot, of any and all claims against Red Dot, its officers, directors, managers, employees and agents, as well as Red Dot's affiliates, parents and subsidiaries and their respective officers, directors, managers, employees and agents;

3.2.8 You shall comply with Red Dot's then-current qualification and training requirements; and

3.2.9 You shall pay to Red Dot, a successor franchise fee equal to 50% of the then-current initial franchise fee.

For the avoidance of doubt, you understand and agree that the option to obtain a Successor Franchise Agreement shall be forfeited if you fail to comply with the conditions set forth in this Section 3.2.

SECTION 4. CONSTRUCTION AND OPENING

4.1 Construction Requirements.

4.1.1 Plans and Specifications. Red Dot will provide you with Red Dot's then-current generic, prototypical plans for a typical Restaurant, which may consist solely of a sample layout for the interior of a typical franchised location. You acknowledge that such 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 the Franchised Restaurant. It shall be your sole and absolute responsibility to construct the Franchised Restaurant in accordance with all applicable laws, including the ADA and the local laws, rules and regulations governing public accommodations.

4.1.2 Adaptation of Plans and Specifications. You shall, at your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications. You must submit such plans and specifications to Red Dot and to Red Dot's designated interior designer for review and approval before you commence construction of the Franchise Restaurant. You must pay the designated interior designer a review fee in connection with the services provided. Red Dot and the designated interior designer shall have the right to review such plans and specifications to ensure brand integrity and core brand elements. Red Dot will either approve the plans and specifications in the manner specified below or disapprove them and provide comments thereon. If you do not receive written approval from Red Dot, the plans and specifications will be deemed disapproved.

4.1.3 Franchisor Approval. You shall not commence construction of the Franchised Restaurant until Red Dot approves, in writing, the final plans and specifications to be used in constructing the Franchised Restaurant. Once the final plans are approved, you shall cause the Restaurant to be completed in full accordance therewith.

4.1.4 Alterations and Modifications. If Red Dot determines that the Franchised Restaurant is not being built, or was not built, in full accordance with the final plans, Red Dot shall have the right to require you to cause to be made all alterations or modifications of the Franchised Restaurant that Red Dot deems necessary. Red Dot may consult with you, to the extent Red Dot deems necessary, on the construction and equipping of the Franchised Restaurant, but it shall be and remain your sole responsibility to diligently design, construct, equip and otherwise ready and open the Franchised Restaurant.

4.1.5 Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy, and Franchised Restaurant clearances, which may be required by governmental authorities for the Franchised Restaurant.

4.1.6 Insurance Coverage. You shall obtain and maintain in force, during the entire period of such construction, such insurance policies and for such amounts as set forth in this Agreement and as Red Dot may designate in its sole and absolute discretion.

4.1.7 Licensed Contractors. You shall use licensed general contractors, designers, and architects to perform any and all construction work at the Franchised Restaurant, including in connection with any remodeling or renovations. Red Dot expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities to which Red Dot may refer to you. Red Dot is not responsible for delays in the construction, equipping or decoration of any Franchised Restaurant or for any loss resulting from the Franchised Restaurant design or construction. You acknowledge that Red Dot has no control over the landlord or any developer and numerous construction and/or related problems that could occur and delay the opening of the Franchised Restaurant.

4.1.8 Franchisor's Access to Restaurant and Progress Reports. Red Dot shall have access to the Franchised Restaurant at all times during the Term, including while work is in progress, and may require alterations or modifications of the construction of the Franchised Restaurant that Red Dot may deem necessary or appropriate in its sole and absolute discretion.

4.1.9 Final Inspection; Approval. You shall promptly notify Red Dot of the date of completion of the construction of the Franchised Restaurant and, within ten (10) days thereafter, Red Dot shall have the right to conduct a final inspection of the Franchised Restaurant. You shall not open the Franchised Restaurant for business without the express written authorization of Red Dot, and Red Dot's authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.

4.1.10 Completion and Opening Requirements. You shall complete construction of the Franchised Restaurant (including all exterior and interior carpentry, electrical, plumbing, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by Red Dot at your expense, and open the Franchised Restaurant no later than the earlier to occur of: (a) two hundred and seventy days (270) days after you sign this Agreement; or (b) one hundred eighty (180) days after the date on which you enter into a valid and binding lease agreement or purchase agreement, as applicable, for the Approved Restaurant Location (the "Required Opening Date").

4.2 Installation of Equipment, Furnishings, Fixtures and Signs / Decor.

4.2.1 You shall install and use in and about the Franchised Restaurant only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property which strictly conforms to the appearance, uniform standards, specifications and procedures of Red Dot and the System, as may be revised from time to time in Red Dot's sole and absolute discretion. Such items are sometimes referred to herein collectively as "Equipment and Furnishings". You shall purchase and install all Equipment and Furnishings only from those suppliers which Red Dot designates or approves in its sole and absolute discretion. Red Dot and/or its affiliates shall have the right to retain any rebates or incentives offered by such vendors or suppliers. Red Dot and/or its affiliates reserves the right to be one of the suppliers, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. Red Dot shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with Red Dot's Standards and Specifications.

4.2.2 You agree that all décor of the Franchised Business must be previously approved by Red Dot and must comply with Red Dot's standards as described in the Manual or in other written communications Red Dot provides to you, which may be periodically revised. Red Dot owns all intellectual property rights, including, without limitation, all copyrights in and to all forms of art or other visual media displayed in your Franchised Restaurant including pictures, drawings, photographs and items that Red Dot directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You shall not, without Red Dot's prior written consent, allow any of the Art to become a fixture of your Franchised Restaurant and you shall not display or use the Art in any other business, including any Competitive Business. Your failure to maintain your Franchised Restaurant's décor in compliance with Red Dot's specifications and standards described in the Manual or otherwise, constitutes a material breach of this Agreement.

4.3 Initial Inventory Package, Equipment, Furniture and Supplies.

4.3.1 After you sign this Agreement and before you open your Franchised Restaurant, Red Dot will give you lists of the start-up inventory, furniture, fixtures, software, equipment and supplies Red Dot requires you to obtain before you open your Restaurant (the “Initial Inventory Package”) along with a list of any designated or approved suppliers.

4.3.2 You must purchase the Initial Inventory Package from Red Dot, unless Red Dot designates otherwise, before you open the Franchised Restaurant. Red Dot does not provide any warranty or service guaranty of any item, including, without limitation, any inventory item.

4.3.3 Unless Red Dot designates otherwise in writing, you will establish independent commercial relationships with Red Dot’s approved or designated suppliers for specific items. You will establish independent commercial relationships with other suppliers for the goods and services for which Red Dot only provides specifications. Red Dot’s list of approved suppliers and specifications for goods and services will be set forth in the Operations Manual or in other materials Red Dot gives you from time to time.

SECTION 5. FEES

5.1 Initial Franchise Fee. In consideration of the franchise granted under this Agreement, you shall pay to Red Dot, upon or prior to the execution of this Agreement, an initial franchise fee of $40,000.00 (the “Initial Franchise Fee”). The Initial Franchise Fee is deemed fully earned and non-refundable upon payment.

5.2 Continuing Fees.

5.2.1 Royalty Fee. During the Term, you shall pay to Red Dot, without offset, credit or deduction of any nature, a continuing nonrefundable royalty fee equal to six percent (6%) of Gross Revenues (the “Royalty Fee”). The Royalty Fee shall be due and payable on a weekly basis in accordance with Section 5.3 of this Agreement.

5.2.2 Brand Fund Contribution. During the Term, you will pay to Red Dot or its designee a continuing Brand Fund Contribution in an amount Red Dot designates, not to exceed three percent (3%) of Gross Revenues (the “Brand Fund Contribution”). As of the Effective Date of this Agreement, Red Dot requires you to contribute one percent (1%) of Gross Revenues on a weekly basis to the Brand Fund. Red Dot has the right to require you to contribute the full three percent (3%) at any time during the Term by providing thirty (30) days’ advance notice to you. The Brand Fund Contribution shall be due and payable on a weekly basis in accordance with Section 5.3 of this Agreement, and the following provisions:

5.2.2.1 You shall make the Brand Fund Contribution payments as Red Dot directs, in its sole and absolute discretion, to one or more Funds (as defined Section 13 of this Agreement) established or designated by Red Dot for advertising, marketing, promotion or other purposes, and/or for Local Marketing Purposes, as specified in Section 13 of this Agreement. Initially, the allocation of the Brand Fund Contribution shall be such amounts as set forth in Exhibit A; however, Red Dot shall have the right to adjust and reallocate the Brand Fund Contribution, at any time in Red Dot’s sole and absolute discretion, by providing written notice to you, subject to the three percent (3%) limit.

5.2.2.2 Red Dot reserves the right to direct that you pay an amount less than the entire Brand Fund Contribution for a period of time designated by Red Dot, in its sole discretion, at any time.

5.2.2.3 You acknowledge and agree that Red Dot shall have the right to enforce your obligation to pay the entire Brand Fund Contribution to the Funds in Red Dot’s sole and absolute discretion, at any time.

5.2.3 Technology Fee. You shall pay to Red Dot or its designee a technology fee (the "Technology Fee") in an amount Red Dot designates, for certain technology related services, products, licenses and/or sublicenses Red Dot designates, which may include, without limitation, hardware, software, network connections, and other equipment, hardware and software necessary to operate the computer system, point of sale system, member management system, and/or scheduling system. As of the Effective Date of this Agreement, the Technology Fee is $60 per week. Red Dot has the right to increase or decrease the Technology Fee at any time on notice to you. You shall also pay to Red Dot or its designee all fees assessed by suppliers in connection with the development and maintenance of the website, and the development, installation and maintenance of current and future developed software programs. Your obligation to pay the Technology Fee to Red Dot shall commence on the date you sign your lease agreement.

5.3. Method of Payment. You shall pay the Royalty, Brand Fund Contribution, Technology Fee, and Guest Response and Recovery Management Fee in the manner and on the date designated by Red Dot. Red Dot has the right to change the date and manner through which it requires you to pay any or all amounts due to Red Dot under this Agreement upon written notice to you at any time. You must immediately comply with all such changes and sign any and all document and agreements necessary to implement any such payment program or process. Unless otherwise designated by Red Dot in writing, you shall pay the Royalty Fee and the Brand Fund Contribution on a weekly basis, by electronic funds transfer ("EFT").

5.3.1 Royalty Fee and Brand Fund Contribution Pay Period: Red Dot will automatically draft the Royalty Fee and Brand Fund Contribution due based on the Gross Revenues for each weekly period via EFT on the Friday following the end of each weekly period. Red Dot may, in its sole and absolute discretion, permit or require you to pay the Royalty Fee and/or Brand Fund Contribution to Red Dot via check, which check shall be due on the Friday following the end of each week.

5.3.2 Technology Fee and Guest Response and Recovery Management Fee: Red Dot will automatically draft the Technology Fee and Guest Response and Recovery Management Fee on a weekly basis via EFT on the Friday following the end of each weekly period. Red Dot may, in its sole and absolute discretion, permit or require you to pay the Technology Fee and Guest Response and Recovery Management Fee to Red Dot via check, which check shall be due on Friday following the end of each two-week period.

5.3.3 Red Dot reserves the right to change the dates on which Royalty Fee, Brand Fund Contribution, Technology Fee, and/or Guest Response and Recovery Management Fee may be paid, upon no less than thirty (30) days prior notice.

5.4 EFT.

5.4.1 You shall, upon execution of this Agreement, and at any time thereafter at Red Dot's request, sign and deliver to Red Dot such documents or forms as Red Dot determines are necessary for Red Dot to process EFT payments initiated by Red Dot for any and all amounts you owe to Red Dot under this Agreement, including Royalty Fee, Brand Fund Contribution, Technology Fee, and Guest Response and Recovery Management Fee. A form of Authorization Agreement is attached as Exhibit G to this Agreement. In addition, from time to time at Red Dot's reasonable request, you must sign any other and further documents Red Dot may require to enable Red Dot to draw drafts against your bank accounts for such purposes.

5.4.2 You shall report all Gross Revenues to Red Dot in the form and manner designated by Red Dot. If any Gross Revenues information obtained by or submitted to Red Dot is subsequently determined by Red Dot to be inaccurate, and the actual amount of the Brand Fund Contribution and Royalty Fee due were (i) more than the amount of the EFT processed by Red Dot, then Red Dot shall be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) less than the amount of the EFT by Red Dot, then Red Dot shall either return the excess amount to you, or credit the excess amount to the payment of your future Royalty Fee and/or Brand Fund Contribution obligations.

5.4.3 Should any EFT payment not be honored by your bank for any reason, you agree that you shall be responsible for that payment plus any bank or other charge incurred by or assessed upon Red Dot, if any. You further agree that you shall at all times throughout the Term maintain a balance sufficient to cover the Brand Fund Contribution, Royalty Fee, Technology Fee, and Guest Response and Recovery Management Fee in your bank account against which such EFT payments are to be drawn. If the Brand Fund Contribution, Royalty Fee, Technology Fee, and/or Guest Response and Recovery Management Fee is not received when due, interest may be charged by Red Dot in accordance with Section 5.10.

5.4.4 Upon written notice to you, Red Dot may require you to pay Royalty Fee, Brand Fund Contribution, Technology Fee, Guest Response and Recovery Management Fee and any other fees due under this Agreement directly to Red Dot in the form and manner designated by Red Dot, in lieu of EFT, at Red Dot's sole discretion.

5.5 Gross Revenues Reporting. You shall prepare and submit to Red Dot via electronic mail to the email address designated by Red Dot, or such other delivery method as specified by Red Dot a weekly Gross Revenues report reflecting all Gross Revenues for the previously concluded week on or before 11 am on Friday of each week. You hereby acknowledge that Red Dot has the unrestricted right to access your Computer & Tech Systems (as defined in Section 8.4 of this Agreement), which may include access to daily Gross Revenues information. Red Dot reserves the right to require you to prepare and submit Gross Revenues reports and/or statements in the form and manner designated by Red Dot at any time, in lieu of collecting written Gross Revenues reports via electronic mail. You shall immediately comply with any and all such requirements upon your receipt of written notice from Red Dot. If, for any reason Red Dot is unable to access your Gross Revenues electronically, or if you fail to submit Gross Revenues information in the form and manner designated by Red Dot for any given week, Red Dot shall have the right to deduct from your bank account an amount equal to the Royalty Fee payment and Continuing Brand Fund Contribution paid to Red Dot for the immediately preceding period.

5.6 "Gross Revenues" Defined. As used in this Agreement, "Gross Revenues" shall mean all revenue derived from the sale of any and all products and services, and all other income of every kind and nature, related in any way to the Franchised Restaurant, whether for cash or credit (and regardless of collection in the case of credit) and whether or not such sales are made at or by the Franchised Restaurant, including but not limited to catalog or mail order sales, internet sales (or the like), sales to restaurants, clubs, hotels and the like, and corporate gifts; provided, however, that you may deduct any sales taxes which were collected by you as required by law. You shall retain and make available to Red Dot on ten (10) days' notice, copies of all tax reports and vendor invoices evidencing all sales tax payments.

5.7 Taxes. If any tax or fee (other than federal or state income tax) is imposed on Red Dot by any government or governmental agency due to Red Dot's receipt of fees you pay to Red Dot under this Agreement, then you agree to pay Red Dot the amount of such tax as an additional franchise fee. Red Dot shall have no liability for any sales, use, excise, gross receipts, income, property or other taxes, whether levied upon you, the Franchised Restaurant or its assets, in connection with the sales made, services performed or business conducted by you.

5.8 No Offset or Withholding. You shall not offset or withhold payments owed to Red Dot for amounts purportedly due to you from Red Dot or its affiliates as a result of any dispute of any nature or otherwise; rather, you shall pay all such amounts owed to Red Dot and only seek reimbursement thereafter.

5.9 Allocation. Red Dot shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee to Red Dot or its affiliates, despite any other allocation by Franchisee.

5.10 Interest on Late Payments. All Royalty Fees, Brand Fund Contributions, Technology Fees, Guest Response and Recovery Management Fee, and any amounts due for purchases from Red Dot or its affiliates, and other amounts, which you owe to Red Dot or its affiliates shall bear interest after the due date at the lesser of the highest legal rate permissible or 18% per annum. You acknowledge that this Section 5.10 shall not constitute Red Dot's agreement to accept such payments after the due date or a commitment by Red Dot to extend credit to, or otherwise finance, your operation of the Franchised Restaurant.

5.11 Non-Compliance Fee. If you fail to comply with any of your obligations under this Agreement, and Red Dot issues you a notice of default or a notice of non-compliance, in addition to any other right and remedy Red Dot may have under this Agreement and applicable law, Red Dot has the right to assess a Non-Compliance Fee of up to $500 for each day the default remains uncured.

5.12 Guest Response and Recovery Management Fee. You are required to pay Red Dot, its affiliate or designee, the then-current Guest Response and Recovery Management Fee (effective rate as of July 2021 is $40/week) to help manage customer satisfaction surveys and responses to guest complaints, revies, and comments regarding the Restaurant. You are required to pay the Guest Response and Recovery Management Fee in accordance with Sections 5.3 and 5.4 of this Agreement.

SECTION 6. RED DOT'S DUTIES

6.1 Pre-Opening Obligations.

6.1.1 Red Dot shall make available to you, at no charge, generic, standard specifications for the construction of a prototypical Restaurant, including exterior and interior design and layout, display requirements, fixtures, equipment and signage. You shall, at your expense, adapt the standard specifications to the Franchised Restaurant at the Approved Restaurant Location, as provided in this Agreement.

6.1.2 Red Dot shall provide your Franchisee Training Team with an initial training program prior to the opening of the Franchised Restaurant. All initial training provided by Red Dot shall be subject to the terms and conditions set forth in this Agreement.

6.1.3 Red Dot shall provide to you such on-site pre-opening and opening supervision and assistance as Red Dot, in its sole discretion, deems advisable, subject to the availability of Red Dot's personnel.

6.1.4 Red Dot shall provide to you, access to one copy of the Manual (as defined in this Agreement), which Red Dot may elect to provide either in written or electronic format. Any additions and modifications thereto as Red Dot may issue from time to time, in its discretion, to incorporate new developments or other changes in System standards, specifications, procedures, and techniques (including, to the full extent the law allows, the maximum, minimum, or other prices for products and services offered and sold by Restaurants), will be provided to you. You must pay the then-current replacement fee as established by Red Dot for replacing the Manual or other materials.

6.1.5 Red Dot shall provide you with information and the identification of sources to purchase certain designated products, equipment, furnishings, fixtures, supplies, inventory, signage and Restaurant collateral materials.

6.2 Additional Discretionary Assistance. Red Dot may, in its sole discretion, provide the following:

6.2.1 Additional training programs, after the opening of the Franchised Restaurant, as Red Dot, in its sole discretion, deems appropriate.

6.2.2 Continuing advisory assistance in the operation of the Franchised Restaurant, after the opening of the Franchised Restaurant, as Red Dot, in its sole discretion, deems advisable.

6.2.3 Advice and written materials concerning techniques of managing and operating the Franchised Restaurant, including required and suggested inventory and sales instructions, new developments and improvements in Restaurant layout and design, and new developments in services, merchandising and packaging of services and products.

6.3 Convention. Red Dot may conduct an annual convention at such place as Red Dot designates for System franchisees. Red Dot may require you to attend the annual convention or Red Dot may specify that attendance is optional. Red Dot may charge registration or similar fees for any and all conventions. You shall be responsible for the registration and similar fees, in addition to all costs that you and any other attendees you are permitted to bring to the convention incur in connection with attendance.

6.4 Outsourcing. Red Dot may, in its sole discretion, elect to outsource, and/or subcontract certain of Red Dot's obligations under this Agreement to subsidiaries, affiliates, contract employees, third-party vendors, and/or other third-party suppliers; provided that: (a) any such outsourcing and/or subcontracting shall not discharge Red Dot from its obligations under this Agreement, and (b) any such outsourced or subcontracted obligations shall be performed in accordance with the terms of this Agreement.

SECTION 7. TRAINING

7.1 Initial Training Program.

7.1.1 Franchisee Training Team. Franchisee (or one of Franchisee's owners if Franchisee is a legal entity) and Franchisee's designated manager (Franchisee may serve as the designated manager) (the "Franchisee Training Team"). Franchisee is permitted, but not required, to bring one additional person who must be an owner or employee to initial training at no charge. The Restaurant must, at all times during the Term, be under the day- to-day supervision of a designated manager who has satisfactorily completed our training program.

7.1.2 Training Completion Deadline. The Franchisee Training Team shall attend and successfully complete, to Red Dot's satisfaction, an initial training program prescribed by Red Dot before the opening of the Franchised Restaurant ("Initial Training"). Each member of the Franchisee Training Team who successfully completes the Initial Training Program in accordance with the foregoing shall be deemed a "Trained Manager". The Franchised Restaurant shall, at all times, be operated under the management and supervision of a Trained Manager. Any persons subsequently employed by Franchisee as a Trained Manager shall be required to attend and complete the Initial Training to Red Dot's satisfaction before commencing any management duties. The Franchisee Training Team must complete the Initial Training no later than thirty (30) days before the Franchised Restaurant opens for business. Franchisee shall not be permitted to open the Franchised Restaurant until the Initial Training is completed in accordance with this Agreement.

7.1.3 Responsibility for Costs & Expenses. There is no fee payable to Red Dot for Initial

Training for the Franchisee Trainees, however, you shall be responsible for all of the costs set forth in Section 7.2 below. If the franchisee requests additional individuals to complete training, an additional per person training fee would be $1,000 per attendee per week.

7.2 Location of Training. All training programs shall be at such times and places as may be designated by Red Dot, and may be conducted virtually, in Red Dot's sole discretion. You shall be responsible for any and all costs and expenses incurred in connection with any such courses, seminars, and programs (including, without limitation, the costs of employee wages, transportation, lodging and meals). If Red Dot determines to conduct such training at the Franchised Restaurant, Franchisee shall reimburse Red Dot for the reasonable out-of-pocket expenses incurred by Red Dot's training instructor(s), including but not limited to travel expenses, food and lodging, and auto rental.

7.3 Additional Training.

7.3.1 If you request additional training or retraining for any of the Franchisee Trainees any time after you complete Initial Training, Red Dot may in its sole and absolute discretion, provide such additional training, at a location and time convenient for Red Dot. If Red Dot agrees to provide additional training at your location, you will pay Red Dot in advance a standard fee that Red Dot shall establish from time to time in the Operations Manual or otherwise in writing. If Red Dot is offering training courses at Red Dot's facilities, there may be a fee established for each course. All fees are subject to periodic change. The fee at your location does not include Red Dot's expenses; you will be responsible for all expenses Red Dot and its personnel incur.

7.3.2 Red Dot may require, in Red Dot's sole and absolute discretion, any one or all of the Franchisee Trainees, including any replacement trainees, to attend and successfully complete any periodic refresher training courses, and retraining courses to correct any problems or deficiencies Red Dot becomes aware of in the operation of the Franchised Restaurant ("Additional Training"). All such persons shall attend Additional Training at your expense and at the times and locations Red Dot designates. If Red Dot elects to provide Additional Training at your location, you will pay Red Dot in advance a standard fee that Red Dot will establish periodically (the "Ongoing Training Assistance Fee"), which fee is currently $500 per trainer per day (subject to increase) plus all reasonable out-of-pocket expenses incurred by Red Dot's training instructor(s), including, without limitation, travel expenses, food and lodging and auto rental. If Red Dot requires Additional Training at Red Dot's facilities, you will pay Red Dot in advance all Ongoing Training Assistance Fees, and you shall be responsible for all costs of attendance including travel expenses, meals and lodging, and auto rental fees.

7.3.3 Red Dot reserves the right in its discretion to provide elements of any training required or contemplated under this Agreement via the Internet, otherwise online, remotely, via audio or video conferencing, or in any other manner that may be reasonable or appropriate under the circumstances.

7.3.4 Red Dot may require you to attend one annual convention per year on the dates designated by Red Dot. You shall pay any and all required registration fees to attend each such annual convention and you shall be responsible for all costs of attendance, including travel expenses, meals and lodging and auto rental fees.

SECTION 8. GENERAL OPERATING STANDARDS AND DUTIES OF FRANCHISEE

8.1 System Standards and Specifications. You understand and acknowledge that every detail of the Franchised Restaurant is important to you, Red Dot, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect the reputation and goodwill of Red Dot and the System. You shall maintain Red

Dot's high standards with respect to facilities, services, products, and quality. Without limiting the generality of the foregoing, you shall construct, open, maintain and operate the Franchised Restaurant for the entire term in accordance with the System and this Agreement, including the standards and specifications set forth in this Agreement, all requirements of the Manual and any other written publication or policy issued by Red Dot. You agree to operate the Franchised Restaurant in accordance with the System and only for the purpose designated in this Agreement, the Manual and other publications Red Dot issues from time to time.

8.2 General Operational Obligations.

8.2.1 Quality Standards. All goods (including food and beverage products, equipment, supplies, materials and other items) used or offered for sale at the Franchised Restaurant shall meet Red Dot's then current standards of quality, good taste, suitability, conformity with the System's image and consumer expectation. You shall maintain all products, refrigeration equipment and other equipment in the Franchised Restaurant in excellent working condition. You shall replace such items with either the same or substantially the same types and kinds of equipment approved by Red Dot at the time replacement becomes necessary.

8.2.2 Hours of Operation. You shall keep the Franchised Restaurant open and in normal operation for such minimum hours and days as Red Dot may specify in its sole and absolute discretion. You shall use the Approved Restaurant Location solely for the operation of the Franchised Restaurant and no portion of the premises may be assigned, subleased, or otherwise transferred except as part of a sale of the Franchised Restaurant that is approved by Red Dot in writing. You shall refrain from using or permitting the use of the Franchised Restaurant premises for any purpose or activity other than the operation of a restaurant at any time, and shall operate in strict conformity with such methods, standards and specifications as Red Dot may prescribe from time to time.

8.2.3 Direct Supervision. The Franchised Restaurant must always be under the direct, on-premises supervision of a Trained Manager, unless Red Dot has given its prior written approval otherwise. Franchisee's Managing Owner must devote his / her entire work time to the management of the Franchised Restaurant. You shall have exclusive control over, and assume full responsibility for, all labor relations, including hiring, firing, disciplining, compensation and work schedules of your employees.

8.2.4 Staff. You shall employ and maintain a competent, conscientious, trained staff. You acknowledge that it is your responsibility to ensure that all managers and employees follow Red Dot's standards and specifications. For Brand uniformity and protection purposes, you shall comply with such dress code as Red Dot may prescribe. Red Dot does not direct or control labor or employment matters for you or your employees, or for any of Red Dot's franchisees and/or their employees. Red Dot may make suggestions and may provide guidance relating to such matters; however, it is entirely your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures, including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures. You shall provide conspicuous notice on all employee application forms and employment agreements that you are an independently contractor operating a franchised Restaurant under license from Red Dot and that, if employed, the applicant will not be an employee of Red Dot or any of its affiliates.

8.2.5 Customer Relations. You shall take such steps as are necessary to ensure that you and your employees preserve good customer relations and render competent, prompt, courteous and knowledgeable service. You shall handle all customer complaints, gift certificates, refunds and other adjustments in a manner that will not detract from the name and goodwill of Red Dot, and as may be prescribed in writing by Red Dot.

8.2.6 Telephone Number. You shall maintain a telephone number for the operation of the Franchised Restaurant and shall execute a conditional assignment of all telephone numbers used in connection with the Franchised Restaurant in the form attached as Exhibit D to this Agreement.

8.2.7 Inspections. In an effort to advance the protection and enhancement of the brand and the Marks, you shall permit Red Dot and its agents to enter upon the Franchised Restaurant premises at any time for the purpose of conducting inspections of your operations; shall cooperate with Red Dot's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Red Dot or its agents, and without limiting Red Dot's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by Red Dot, in addition to any other rights or remedies available to Red Dot under this Agreement or applicable law, Red Dot shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and to charge you a reasonable fee ("Quality Assurance Fee") for Red Dot's expenses in so acting, payable by Franchisee upon demand.

8.3 Maintenance, Repairs, Renovations, and Refurbishment.

8.3.1 Repairs and Maintenance of the Franchised Restaurant. You shall repair and maintain the Franchised Restaurant (including adjacent public areas and parking lots) in a clean, orderly condition and in good repair and in accordance with the System, the Manual and this Agreement.

8.3.2 Remodeling of Franchised Restaurant. Red Dot may require you to renovate or remodel the Franchised Restaurant ("Remodeling") in order to improve the appearance and efficient operation of the Franchised Restaurant, comply with the prevailing brand image of System Restaurants, or comply with System standards. Without limiting the generality of the foregoing, any Remodeling may include: (i) the incorporation of updated design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Restaurants using the System; (ii) the replacement of worn out or obsolete equipment, fixtures, furniture and signs; (iii) the substitution or addition of new or improved equipment, fixtures, furniture and supplies; (iv) redecorating of the interior of the Franchised Restaurant; and (v) reasonable structural modifications of the premises. You must complete all required Remodeling within the time period prescribed by Red Dot. Red Dot will not require you to complete a Remodeling of the Franchised Restaurant during the first two (2) years after the Effective Date, or during the last year of the Term except as required in order to qualify for a Successor Franchise Agreement. Notwithstanding the foregoing, Red Dot may, without any limitation, require you to (a) purchase or lease additional equipment that is required in a majority or all System Restaurants, if Red Dot develops and authorizes new food preparation or service methods or products, specifically including, but not limited to, Computer & Tech Systems or related computer systems as defined in Section 8.4 below, (b) make any and all repairs necessary, or repaint to maintain the interior and exterior of the Franchised Restaurant in a clean and orderly condition satisfactory to Red Dot as required by Section 8.3.1, or (c) complete any required renovations upon any transfer of the Franchised Restaurant, (d) make any changes related to modification of the Marks, and (e) make any changes to the menus and menu boards, as required by Red Dot.

8.4 Computer & Technology Systems. You shall purchase and maintain the computer, technology and point of sale systems, as designated by Red Dot, ("Computer & Tech Systems") to be used in the operation of the Franchised Restaurant and for reporting purposes from the supplier designated by Red Dot. You shall comply with the following provisions relating to the Computer & Tech Systems:

8.4.1 You shall update and upgrade the Computer & Tech Systems as designated by Red Dot. Red Dot may require you to enter into a separate maintenance and/or support agreement for your Computer & Tech Systems at any time, at your sole cost and expense.

8.4.2 You shall record all sales at or from the Franchised Restaurant at the time of sale, in accordance with Red Dot's procedures and on the Computer & Tech Systems.

8.4.3 You shall comply with such requirements determined by Red Dot from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to the Computer & Tech Systems.

8.4.4 Red Dot has the right to independently access any and all information on your Computer & Tech Systems at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense permit Red Dot immediate access to your Computer & Tech Systems, electronically or otherwise, at all times without prior notice to you. Red Dot shall have the right to use the information accessed on the Computer & Tech Systems in any manner Red Dot determines, including the right to use any and all such information in Red Dot's Franchise Disclosure Documents, and to share financial statements, including profit and loss statements, with other System franchisees.

8.5 Security System. You shall purchase and install, at your expense, a video security, alarm and surveillance system as designated by Red Dot. Red Dot may require that the security alarm and surveillance system provide Red Dot with continuous real-time remove visibility via the Internet or such other method as Red Dot may require from time to time. The purpose of the system is to verify your compliance with the terms and conditions of this Agreement, to maintain the integrity of the Marks, and to confirm whether you are maintaining the quality of service and products Red Dot requires. You will remain solely responsible for all activities within the Franchised Restaurant and Red Dot has no obligation to monitor the Franchised Restaurant for safety or security concerns, other concerns, or compliance with applicable laws, rules and regulations. You shall indemnify and hold Red Dot harmless from any and all damages, claims, demands, actions, suits, proceedings or judgments of any kind or nature, by reason of any claimed act or omission by Red Dot arising from Red Dot's surveillance access to the Franchised Restaurant.

8.6 Pricing and Promotional Programs.

8.6.1 Pricing. Red Dot reserves the right, subject to compliance with applicable laws, to require you to offer all menu items at prices not to exceed the prices Red Dot publishes from time to time, effective upon written notice to you. Red Dot reserves the right to prohibit you from charging prices lower than Red Dot's published menu prices for any item, to the maximum extent allowed by applicable law. You shall have sole discretion as to the prices to be charged to customers with respect to the offer and sale of all other goods and services.

8.6.2 Gift Card & Loyalty Programs. You shall participate in and comply with all terms and conditions of any gift card and/or loyalty program designated by Red Dot. In connection with any such program(s) you may be required to, among other things: (i) enter into a gift card terms and conditions agreement with a designated supplier; (ii) purchase card processing machines and a specified quantity of gift cards; (iii) pay a transaction processing fee; and (iv) pay an ongoing maintenance and/or service fee. Without limiting the generality of your indemnification obligations set forth in this Agreement, you acknowledge that your indemnification obligations include any and all claims related to gift cards issued by you in connection with the operation of the Franchised Restaurant.

8.6.3 Promotional Programs. You shall participate in all national, regional or local advertising and promotional activities Red Dot requires. You understand that Red Dot may frequently implement promotions such as discount coupons, frequent customer cards, special menu promotions and other activities intended to enhance customer awareness and build traffic at Restaurants on a national, regional or local level. You understand that your participation in these programs is essential to their success and that your participation may entail some cost to you. You agree that Red Dot has no obligation to reimburse you for any costs you incur due to your mandatory participation in these special promotional programs.

8.6.4 Data Security; Credit Cards & Debit Cards.

(1) You shall use your best efforts to protect your customers against any data breach or cyber-event, including, without limitation, identity theft or theft of personal information (a "Data Security Breach"). If a Data Security Breach occurs, in the interest of protecting the goodwill associated with The Red Chickz® brand and franchise system, we reserve the right to perform and / or control any and all aspects of the response to such event, including, without limitation, the investigation, containment and resolution of the event and all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that, if we elect to exercise this right, our actions and control of the response may potentially affect or interrupt operations of the Restaurant. You shall have no right to pursue or recover any damages against us or any of our affiliates in connection with any action taken in response to any Data Security Breach.

(2) You shall at all times be compliant with Payment Card Industry Data Security Standards (and its successors), any and all requirements imposed by all applicable payment processors and networks, including credit card and debit card processors, and any and all state and federal laws, rules and regulations relating to data privacy, data security and security breaches. You hereby acknowledge and agree that if we engage or designate a third-party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate your Restaurant at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to engage legal and data security professionals to ensure your full compliance.

(3) You shall maintain, at all times, credit-card relationships with the credit and debit-card issuers or sponsors, check or credit verification services, financial- center services, merchant service providers, companies that provide services for electronic payment, and electronic-funds-transfer systems that we designate or authorize (each a "Payment Card Vendor"). We may require, as a condition of approval of any Payment Card Vendor, that each such Payment Card Vendor comply with our reporting standards. We may revoke approval of any previously authorized Payment Card Vendor at any time. You shall comply with all of our policies regarding acceptance of payment by credit cards, debit cards or other electronic forms of payment.

SECTION 9: REQUIRED PURCHASES; RESTRICTIONS ON EQUIPMENT, PRODUCTS, SERVICES AND SOURCES OF SUPPLY

9.1 Equipment, Fixtures and Furnishings. You shall, at your expense, purchase or lease, install and use in connection with the Franchised Restaurant only such equipment, including food and beverage preparation equipment, fixtures, furnishings, décor items, interior and exterior signage and air handling equipment, and other personal property which Red Dot designates or requires, all of which must conform to the Manual and Red Dot's standards, specifications and other publications Red Dot issues from time to time. You shall not install or permit to be installed at the Franchised Restaurant any item that is not specifically approved or designated by Red Dot. Red Dot shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with this Agreement and Red Dot's standards and specifications. You shall not install or permit to be installed at the Franchised Restaurant:

9.1.1 any ATM machines, games, vending machines, entertainment devices, computer terminals, or other similar items unless specifically approved or designated by Red Dot; or

9.1.2 any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items that do not comply with Red Dot s standards without Red Dot 's prior written consent.

9.2 Products and Services. You must offer for sale or otherwise use in the Franchised Restaurant all food and beverage products, ingredients, materials, packaging, supplies, paper goods and non-food merchandise and items ("Products") and other services that Red Dot requires, in its sole and absolute discretion, and approves, in its sole and absolute discretion, in the manner and style Red Dot requires and in accordance with Section 8.1 of this Agreement. You shall not offer for sale any Products or services that are not specifically approved by Red Dot, or that are disapproved for sale at the Franchised Restaurant in Red Dot's sole and absolute discretion. You shall not offer any alcoholic beverages without obtaining Red Dot's prior written consent, which may be granted or withheld in Red Dot's sole and absolute discretion. You may not deviate from Red Dot's Standards and specifications in any way without obtaining RED DOT's written consent first, which may be granted or withheld in RED DOT's sole and absolute discretion. NEITHER RED DOT NOR ANY OF ITS AFFILIATES MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING THE GOODS AND SERVICES THAT YOU MUST PURCHASE, AND RED DOT AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, except a set forth in a particular written warranty, if any, provided in connection with a particular item or service.

9.3 Supply of Designated or Approved Items. You shall maintain in sufficient supply, at all times the items designated or approved by Red Dot including Products (as defined in Section 9.2 of this Agreement), merchandise and Equipment and Furnishings so as to be able to meet your obligations under this Agreement.

9.4 Approved Suppliers.

9.4.1 Approved and Designated Suppliers. You shall purchase all services and items, including, without limitation, Products, inventory, services, signs, Equipment and Furnishings, fixtures, and supplies only from distributors and suppliers that Red Dot has approved or designated. Red Dot will provide you with a list of any designated suppliers, which Red Dot has the right to change at any time in its sole and absolute discretion. Red Dot has the right to revoke its approval of any approved or designated supplier at any time, in which event, you shall immediately cease from purchasing or acquiring any items from any such disapproved supplier. Red Dot reserves the right to become an approved vendor, or the only approved vendor for any item, product or service in the future.

9.4.2 Supplier Contracts. Red Dot may require you to enter into, and strictly comply with the terms of agreements and contractual arrangements directly with System suppliers in the form(s) designated by Red Dot (each a "Supplier Contract"), and you hereby agree to immediately sign and comply with all such requirements. You acknowledge that the Supplier Contracts may change over time and new Supplier Contracts may be designated in the future.

9.4.3 Proposal of Additional Suppliers. If you wish to purchase any items, Products, Equipment and Furnishings, merchandise or supplies from a supplier or distributor who is not on Red Dot's approved list, you may request Red Dot's approval of the supplier or distributor. The following procedures shall apply in the event you wish to propose an alternate supplier or distributor:

a. In order to be approved: (i) the product or service offered by the proposed supplier or distributor must conform in every respect to Red Dot's standards and specifications and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product or service to you; and (ii) the proposed supplier or distributor must provide Red Dot with any information Red Dot requests in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product or service to Red Dot's standards. This evaluation may include a sampling of the product or service at either the supplier's/distributor's or Red Dot's place of business, as Red Dot may designate. Red Dot expects that the cost of testing will range from $1,000 to $3,000 depending on the complexity of the products or services. You or the supplier will be responsible for all costs and expenses Red Dot incurs in the testing and approval process.

b. Red Dot cannot predict with any certainty how long Red Dot's evaluation will take; however, Red Dot will attempt to complete the evaluation within a reasonable time, generally not to exceed thirty (30) days. Upon the completion of the evaluation, Red Dot will inform you whether Red Dot will approve the proposed supplier or distributor of Red Dot's approval or disapproval of your request. If Red Dot approves the supplier or distributor, the supplier or distributor will be added to Red Dot's approved list, however, Red Dot's approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by Red Dot. If Red Dot does not answer within thirty (30) days, the proposed product and/or services will be deemed disapproved.

c. Red Dot's standards, specifications and other criteria for supplier or distributor approval have been developed by Red Dot through the expenditure of extensive work and time and are considered confidential information. Therefore, Red Dot has no obligation whatsoever to make its standards and specifications or Red Dot's other criteria for supplier or distributor approval available to Franchisee or proposed or approved suppliers.

d. The proposed supplier or distributor must agree to provide Red Dot with reports concerning all purchases by you and other franchisees.

9.5 Franchisor's Right to Derive Revenue & Consideration. You acknowledge and agree that Red Dot and/or its affiliates reserve the right to derive income, consideration, payments and other material benefits on account of your purchase and/or lease, and any System franchisee's purchase and/or lease, of any item and/or service, including, without limitation, Equipment and Furnishings, Products, services and other items from Red Dot or any supplier, including approved suppliers, and designated suppliers. This income may be derived in any form, including as a rebate from suppliers or distributors based on the quantity of System franchisee purchases. Red Dot may use these benefits for any purpose Red Dot deems appropriate. Red Dot is not obligated to remit any benefits to you and reserves the right to retain all such benefits. Red Dot does not guarantee the availability of independent sources of supply for any particular item, Equipment or Furnishings, Product or service required to establish or operate the Franchised Restaurant.

9.6 Purchasing Programs. Red Dot shall have the right, in its discretion, to designate any geographical area for purposes of establishing a purchasing program ("Purchasing Program"). If a Purchasing Program applicable to the Franchised Restaurant has been established at the time Franchisee commence operations, or is established during the Term, you shall immediately participate in the Purchasing Program, unless prohibited by applicable state and/or federal laws, rules or regulations.

SECTION 10. PROPRIETARY MARKS

10.1 Ownership. The Marks are owned by Red Dot's affiliate. Red Dot was granted a license to use, and license others to use the Marks, including in connection with the System.

10.2 Use of the Proprietary Marks. With respect to your licensed use of the Marks and the trade dress of the Franchised Restaurant (the "Trade Dress") pursuant to this Agreement, you agree that:

10.2.2 You shall use only the Proprietary Marks designated by Red Dot in connection with the operation of the Franchised Restaurant and shall use them only in the manner authorized and permitted by Red Dot. Any unauthorized use thereof shall constitute an infringement of Red Dot s rights.

10.2.3 You shall have the right to use the Marks only (a) at the Franchised Restaurant and in connection with the operation of the Franchised Restaurant in strict accordance with the terms of this Agreement, the Manual and Red Dot's standards and specifications, and (b) in connection with the advertising and/or promotion of the Franchised Restaurant, in strict accordance with the terms of this Agreement, the Manual and Red Dot's standards and specifications.

10.2.4 You acknowledge that this Agreement does not grant you the right to offer or sell products or services from any other location or by any other means, including but not limited to catalog or mail order sales, internet sales (or the like), without Red Dot's prior written consent, which may be given or withheld by Red Dot in its sole and absolute discretion. Further, you shall not:

a. develop, create, generate, own, license, lease or use, in any manner, any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, web page, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or in part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto, without Red Dot's prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Red Dot may establish from time to time. If such consent is granted, Red Dot reserves the right to revoke such consent effective upon written notice to you.

b. use electronic media, including the Internet or social media sites, in a manner that uses or displays, in whole or in part, the Proprietary Marks, or any of them, or any words, symbols or terms confusingly similar thereto, without first obtaining Red Dot's specific written consent. If Red Dot's consent to such use is given, you must in all instances comply with any conditions and restrictions Red Dot imposes, including all procedures, policies, standards and specifications Red Dot may establish from time to time. The provisions of this subsection, without limitation, relate to your use of social media, including Facebook®, Tiktok, Twitter®, LinkedIn®, Living Social®, Groupon®, or Instagram® or any other similar or comparable social media platform.

10.2.5 You shall execute any documents deemed necessary by Red Dot and/or Red Dot's counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

10.2.6 You shall not, directly or indirectly, contest the validity of the Marks, or Red Dot's ownership of the Marks.

10.2.7 In the event that litigation involving the Marks is instituted or threatened against you, you shall promptly notify Red Dot and shall cooperate fully in defending or settling such litigation.

10.3 Infringement. You shall promptly notify Red Dot of any infringement of, or challenge to, the Marks, and Red Dot will, in its sole discretion take such action as Red Dot deems appropriate. If Red Dot undertakes the defense or prosecution of any litigation pertaining to any of the Marks, you must execute any and all documents and do such acts and things as may, in the opinion of Red Dot's counsel, be necessary to carry out such defense or prosecution. Red Dot has the right to require, in its sole discretion, that you discontinue, modify or substitute any of the Marks in connection with any pending or threatened litigation involving your use of such marks so long as Red Dot indemnifies you from your out of pocket costs incurred to effectuate such change.

10.4 Acknowledgments. You expressly understand and acknowledge that:

10.4.1 Red Dot (and/or its affiliate) is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

10.4.2 Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the license granted by this Agreement. Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to Red Dot's and/or its affiliate's benefit, and upon expiration of termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, or the Marks.

10.4.3 Red Dot has the right, at any time, by giving notice to you, to completely change, add to, delete from, and/or make changes in the Proprietary Marks in Red Dot's unrestricted discretion. You must, at your expense, adopt and use any additions, deletions and changes to the Marks that Red Dot requires. If Red Dot decides at any time in its sole discretion to modify or discontinue the use of any Mark or use of additional or substitute Marks, you must comply with Red Dot's directions within a reasonable time after Red Dot gives you notice. Red Dot has no obligation to reimburse you for any expenses you incur in connection with Red Dot's modification or discontinuance of any Marks, including your direct costs of changing signs, loss of revenue or costs of promoting any new or modified Mark.

SECTION 11. CONFIDENTIAL INFORMATION

11.1 Compliance with Operations Manual. In order to protect the reputation and goodwill of Red Dot and to maintain high standards of operation under Red Dot's Proprietary Marks, you shall conduct your business in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which you acknowledge having received on loan from Red Dot for the term of this Agreement. The "Manual" shall mean Red Dot's confidential operations manual(s), which may consist of printed manuals, computerized documents of software, information provided on the Internet or an extranet, audiotapes, videotapes or any other medium periodically for use with the System and designated as part of the manual, including any amendments. The Manual may contain information and specifications concerning the System standards and any other information and specifications concerning system Standards and any other information Red Dot provides periodically to System franchisees.

11.2 Confidentiality. For purposes of this Agreement, the term "Confidential Information" shall mean information, knowledge, know-how and techniques related to the Franchisor, the System, the Products, the Services, the Marks, the Franchised Restaurant and the other Restaurants, and the general operation, business and management of the System, which is communicated to you or learned by you in the course of your operation of the Franchised Restaurant or you participation in the System. You shall treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Restaurant, and the information contained therein as "Confidential Information". At all times during the Term and thereafter, you shall maintain all Confidential Information as secret and shall not communicate, divulge, or use for the benefit of any other person(s), partnership, association, limited liability company or corporation any Confidential Information. You shall divulge such Confidential Information only to such of your employees as are required to have access to it in order to operate the Franchised Restaurant. Any additional information that Red Dot shall consider to be Confidential Information shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by Red Dot; or which, at or after the time of disclosure by Red Dot to you, had become or later becomes a part of the public domain, through lawful publication or communication by others.

11.3 Covenants. As a condition of employment, you shall require any and all Franchisee Trainees, any employees who attend Red Dot's Initial Training or Additional Training programs, your manager(s) and any personnel having access to any Confidential Information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchised Restaurant. Such covenants shall be substantially in the form attached to this Agreement as Exhibit F, which form includes specific identification of Red Dot as a third-party beneficiary of such covenants with the independent right to enforce them. You shall provide Red Dot with a copy of all executed covenants within five (5) days after hiring any such managers and/or employees.

11.4 Injunctive Relief. You acknowledge that any failure to comply with the requirements of this Section 11 will cause Red Dot and/or its affiliates irreparable injury, and you agree to pay all court costs and reasonable attorney's fees incurred by Red Dot and/or its affiliates in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.5 Modifications, Revisions, Additions. Red Dot may, from time to time, revise, modify or make additions to the contents of the Manual, and you expressly agree to comply with each new or changed standard and/or specification. Without limiting the generality of the foregoing, Red Dot may update and change the Manual periodically ("Operating Amendments"), including to reflect changes in the System standards. Red Dot may notify you of operating amendments by e-mail, facsimile, Internet transmission, extranet, or by any other means. Red Dot may require you to access an extranet or comparable system on a daily basis to check for Operating Amendments. If you fail to do so as designated by Red Dot, you shall nevertheless be bound by any operating amendments you would have received had you checked for the Operating Amendments as required.

SECTION 12. RECORDS, REPORTS & ACCOUNTING

12.1 Gross Revenues Reports. You shall prepare and submit to Red Dot via electronic mail to the email address designated by Red Dot, or such other delivery method as specified by Red Dot, the weekly Gross Revenues reports required under Section 5.6 of this Agreement. You shall submit to Red Dot quarterly profit and loss statements on or before the 15th day of the month immediately following the expiration of each calendar quarter. Red Dot may require you to submit any and all reports, including the Gross Revenues reports and quarterly profit and loss statements electronically via email or by any other specified means.

12.2 Books & Records. You shall maintain and preserve, for at least ten (10) years from the dates of their preparation, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Red Dot.

12.3 Additional Reports. Without limiting the foregoing, you shall, at your expense, submit to Red Dot in the form prescribed by Red Dot, and maintain readily available for Red Dot's inspection, review, or auditing, any and all financial reports as required by Red Dot's System standards, which Red Dot may modify periodically. Your current reporting obligations include the following:

12.3.1 an annual balance sheet and profit and loss statement reviewed by a certified public accountant and, if requested by Red Dot, a semi-annual internal balance sheet and profit and loss statement;

12.3.2 an annual copy of your signed 1120 or 1120S tax form filed with the Internal Revenue Service (or any forms which take the place of those forms), all state and local sales and use tax reports you are required to file and, upon Red Dot's written request, copies of all tax returns or reports filed by you for the periods specified in Red Dot's notice;

12.3.3 copies of your operating reports to your landlord and/or shopping mall operator, if required or provided pursuant to your lease agreement for the Approved Restaurant Location;

12.3.4 Your state sales tax returns, and such portions of your federal and state income tax returns as reflect the operations of the Franchised Restaurant; and

12.3.5 such other forms, reports, records, information, and data as Red Dot may reasonably designate.

12.4 Verification/Inspection/Use. You must verify and sign each report and financial statement in the form Red Dot periodically requires. You hereby give Red Dot the right to disclose information from your reports relating to your income, expenses and sales from the operation of the Franchised Restaurant to confirm that you are complying with your obligations under this Agreement and to formulate earnings and expense information for possible disclosure to prospective franchisees. Red Dot may also use information from your reports in Red Dot's solicitation of other franchisees or for similar purposes. Red Dot may require you to have your financial statements reviewed or audited by a certified public accountant at your cost and expense. Red Dot has the right as often as Red Dot determines (including daily) to access any of your cash registers, point of sale systems and other computer systems and to retrieve all information relating to the Franchised Restaurant's operations, or to program your computerized cash registers, point of sale systems and other computer systems to send such information automatically to Red Dot or its designee. You must take whatever actions Red Dot specifies to ensure that Red Dot has continuous, real-time remote electronic access to any of your business systems in order to monitor and retrieve all information stored in the systems.

12.5 Inspection and Audit. Red Dot, or its designated agents, shall have the right, at all reasonable times, to examine and copy your books, records, and tax returns. Red Dot shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that any payments have been understated in any report to Red Dot, you will be deemed to be in default of your obligations under this Agreement and, in addition to any and all remedies available to Red Dot under this Agreement and applicable law, Red Dot shall have the right to immediately debit from your bank account or require you to immediately pay the amount understated, as well as interest from the date such amount was due until debited or paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of two percent (2%) or more, Red Dot may, in addition to repayment of monies owed with interest, debit from your bank account or require you to reimburse Red Dot for any and all costs and expenses connected with the inspection (including, without limitation, reimbursement for Red Dot employee compensation at a rate of $500 per day per employee, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Red Dot may have, including, without limitation, the default and termination rights set forth in this Agreement. Red Dot's right to audit and inspect your books and records will survive for five (5) years following any termination or expiration of this Agreement.

SECTION 13. ADVERTISING

13. Acknowledgment. You understand and hereby acknowledge that advertising, marketing and promotional activities are essential to the furtherance of the goodwill and public image or Red Dot and the System, and the success of the Restaurant. Recognizing the value of advertising, and the importance of the standardization of advertising programs, you agree as follows:

13.1 Generally. Red Dot has the right to develop and create advertising, branding and sales promotion programs designed to promote and enhance the System and Restaurants operating under the System. You shall participate in all advertising, branding and sales promotion programs established by Red Dot or its designee in strict accordance with Red Dot s terms and conditions. You shall place or display at the Franchised Restaurant only such signs, emblems, lettering, logos, displays, advertising and marketing materials approved in advance by Red Dot. You shall conduct all advertising and marketing activities in a dignified manner and shall conform to such standards and requirements as Red Dot may specify. You shall not use any advertising or promotional plans or materials unless and until you have received written approval from Red Dot in accordance with the following procedures and terms. For all advertising and promotional activities, you shall submit samples of such plans and materials to Red Dot for its prior approval. If you do not receive written approval from Red Dot within fifteen (15) days of the date of receipt by Red Dot of such advertising samples or materials, Red Dot shall be deemed to have approved them. Red Dot has the right to revoke approval at any time upon notice to you.

13.2 Territorial Advertising Restriction. You are not permitted to solicit customers and/or advertise outside of the Protected Territory, except to the extent that you have received Red Dot's prior written authorization, which may be granted or withheld in Red Dot's sole discretion. Red Dot may condition its authorization, among other things, upon your agreement to offer other System franchisees who are operating Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of such solicitation and/or advertising. Notwithstanding the foregoing, you are not required to obtain Red Dot's prior written authorization (which may be granted or withheld in Red Dot's sole and absolute discretion) to use or circulate an advertisement outside of the Protected Territory provided that such advertisement is a general System advertisement and does not identify or promote Franchisee's Franchised Restaurant, and provided, further, that Red Dot has approved the form and content of the advertising materials you propose to use in any such advertisement.

13.3 Use of Proprietary Marks in Advertising. All advertising shall prominently display the Proprietary Marks and shall comply with Red Dot's standards for use of the Marks. You shall obtain Red Dot's prior written approval before using any of the Marks on any item, including signs, stationary, business cards, forms and other supplies. All such items must also be in compliance with Red Dot's standards and specifications.

13.4 Grand Opening Advertising. You shall conduct a Grand Opening Advertising Campaign and expend the amount designated in Exhibit A (currently, $25,000, as designated by Red Dot) in the manner Red Dot specifies or approves (the "Grand Opening Advertising Expenditure"). Red Dot may designate an approved supplier of local advertising and marketing services and may require you to engage such supplier's services in connection with the Grand Opening of the Franchised Restaurant. Red Dot may require you to expend the Grand Opening Advertising Expenditure in accordance with any such approved or designated supplier's Grand Opening advertising program. You shall prepare and submit to Red Dot a written plan detailing the grand opening advertising campaign no later than thirty (30) days before the Franchised Restaurant's scheduled grand opening. Within four (4) months following the date the Franchised Restaurant opens for business, you must furnish Red Dot such evidence as Red Dot may reasonably require to verify your compliance with the Grand Opening Expenditure requirements.

13.5 Establishment of Advertising Funds and Cooperatives. Pursuant to Section 5.3, you are required to pay to Red Dot, or its designee, the continuing Brand Fund Contribution during the Term. Red Dot will determine, from time-to-time, what portion of the Brand Fund Contribution you must (i) contribute to the Brand Ad Fund (as defined below); (ii) contribute to a Regional Ad Fund (as defined below); (iii) pay to Red Dot for Local Marketing Purposes (as defined below); or be spent directly by you for Local Marketing Purposes. Red Dot reserves the right to amend and adjust the allocation of the Brand Fund Contribution upon thirty (30) days written notice to you. You acknowledge and agree that the Brand Fund Contribution may be used as follows:

13.5.1 Brand Ad Fund. At Red Dot's sole discretion, the Brand Fund Contribution shall be paid to one or more funds to be used for the purpose of maximize general public recognition and awareness of Restaurants and the System ("Brand Ad Fund"), including, without limitation, expenditures reasonably related to the creation, development, administration and supervision of marketing, branding and advertising programs and menu development for System Restaurants. Red Dot does not represent or warrant that the

Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from such marketing or advertising activity of the Brand Ad Fund.

13.5.2 Regional Ad Funds. In addition to the establishment of the Brand Ad Fund, Red Dot has the right in its sole discretion to establish one or more funds for the implementation of regional advertising programs intended to increase general public recognition and acceptance of System Restaurants in specific regions. Subject only to the limitation on the total amount of Brand Fund Contribution in Section 5.3, Red Dot may require you to contribute all or part of the Brand Fund Contribution to such a fund implemented in your regional area ("Regional Ad Fund"). Fees allocated to a Regional Ad Fund will be used for the implementation, production, creation, development, administration and supervision of regional marketing and advertising programs and menu development for System Restaurants in the designated region. Red Dot does not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from such marketing or advertising activity of the Regional Ad Fund.

13.5.3 Local Marketing Purposes. Red Dot may require that some or all of the Brand Fund Contribution be paid to Red Dot or its designee, or used directly by you, for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Franchised Restaurant ("Local Marketing Purposes"). If Red Dot elects to have you directly spend a portion of the Brand Fund Contribution for Local Marketing Purposes, you shall submit to Red Dot, on a quarterly basis, a marketing plan, which plan shall be subject to Red Dot's approval, and which shall specifically describe how you propose to spend the designated portion of the Brand Fund Contribution for Local Marketing Purposes for each quarter of the calendar year. If you fail to spend the designated amount for Local Marketing Purposes as Red Dot directs, Red Dot shall have the right, in addition to any and all other rights and remedies available under this Agreement or applicable law, to require you to immediately pay all sums you were required to, but failed to expend (a) to one or more Funds established or designated by Red Dot, (b) to Red Dot to be used for Local Marketing Purposes, or (c) to expend the Local Advertising Deficiency, as Red Dot directs, for Local Marketing Purposes.

13.6 Administration. Red Dot may administer the Brand Ad Fund or one or more Regional Ad Funds (the "Funds") itself, or designate or license a third party to do so. Red Dot may change, dissolve or merge any of the Funds at any time, in Red Dot's sole discretion. Red Dot has sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional, and local advertising paid out of the Funds; and the Funds will be maintained and administered by Red Dot, or Red Dot's designee, as follows:

13.6.1 The Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and neither Red Dot, nor the Funds, are obligated to make expenditures for you which are equivalent or proportionate to your contributions, nor is Red Dot required to ensure that Franchisee benefits directly or pro rata from the placement of advertising.

13.6.2 The Funds, all Brand Fund Contributions and other contributions to the Funds, and any earnings by the Funds, are used to meet the costs of producing, maintaining, administering, directing, conducting, printing, and preparing advertising, marketing, public relations, branding strategies and materials and/or promotional programs and materials, and any other activities which Red Dot believes will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, mobile app, magazine, newspaper and other media advertising campaigns; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; mobile app development, and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

13.6.3 Brand Fund Contribution contributed to the Funds may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by Red Dot, which Red Dot believes will promote general public awareness and favorable support for the System.

13.6.4 Red Dot has no obligation to segregate Brand Fund Contribution payments or maintain accounts separate from Red Dot's other funds. Brand Fund Contribution may be commingled with funds in Red Dot's general accounts. Red Dot -owned or Red Dot's affiliate-owned Restaurants are not required to contribute any amounts to the Fund.

13.6.5 Red Dot expects to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Funds at the end of any year will carry over to the next year. Red Dot expects to use any interest or other earnings of the Funds before using current contributions but is not required to do so.

13.6.6 Red Dot is not required to prepare or provide you with any statements relating to the Brand Fund Contribution, the Funds or expenditures of the Funds, although Red Dot may do so at its option. The Funds will not be audited, unless Red Dot elects to require an audit, in which event all expenses for the audit will be paid out of Brand Fund Contribution contributed to the Funds. Red Dot may, but is not required to, create internally prepared, periodic statements of operations for the Funds. These statements, if created, may be made available to you, upon your reasonable prior written request.

13.6.7 Red Dot has the right to terminate any one or more of the Funds at any time. If a Fund is terminated, Red Dot is not required to return any Brand Fund Contribution contributed to any such terminated Fund by you and will expect any retained contributions for the terminated Fund for System advertising purposes. None of the Brand Fund Contribution paid to Red Dot are refundable at any time, including upon termination or expiration of this Agreement.

13.6.8 You expressly acknowledge that the Funds may be used to pay administrative expenses to Red Dot or its designee. Administrative expenses may include amounts equivalent to salaries, travel and other expenses of Red Dot's or its designee's employees whose services are provided to further the purposes and efforts of the Funds or Local Marketing Purposes for System Restaurants.

13.7 Cooperative Advertising. Red Dot encourages the formation and operation of franchisee cooperative advertising associations (each a "Co-op"). Each Co-op will coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If a Co-op is formed for your region, you must participate in the Co-op. If you do not participate in the Co-op, you will lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event shall you be required to be a member of more than one Co-op. You acknowledge that Red Dot has the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by Red Dot in writing, and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to Red Dot's approval, standardized promotional materials for use by the members in local advertising. You further acknowledge and agree that:

13.7.1 No advertising or promotional plans or materials may be used by any Co-op, or be furnished to its members, without the prior approval of Red Dot, pursuant to the procedures and terms as set forth in this Section.

13.7.2 Red Dot in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-op, and/or from the obligation to contribute thereto (including a reduction, deferral or waiver of such contribution), upon written request of such franchisee stating reasons supporting such exemption. Red Dot's decision concerning such request for exemption shall be final.

13.8 Required Local Advertising Expenditure. In addition to the Brand Fund Contribution, you shall spend the (a) greater of $1,000 or (b) 2% of Gross Revenues each month on local advertising and marketing (the "Local Advertising Requirement"). You must provide Red Dot with a quarterly accounting of all sums you expend to meet your Local Advertising Requirement. Your quarterly Local Advertising Requirement may, with Red Dot's prior written consent, be accumulated by you for seasonal expenditure upon such terms as Red Dot may prescribe or authorize. Red Dot reserves the right to require you to submit to Red Dot, on a quarterly or monthly basis as Red Dot designates, a local marketing plan specifically describing how you propose to spend Local Advertising Requirement. If you fail to meet your Local Advertising Requirement, or if you fail to otherwise comply with your local marketing obligations, Red Dot shall have the right, in addition to any and all other rights and remedies available under this Agreement and/or applicable law, to (a) require you to immediately pay all sums you were required to, but failed to expend ("Local Advertising Deficiency"), to the Fund, (b) require you to spend the Local Advertising Deficiency in the manner designated or approved by Red Dot for local marketing purposes, or (c) require you to immediately pay the Local Advertising Deficiency to Red Dot to be expended by Red Dot or Red Dot's designee directly in your Restaurant's area for local marketing purposes. Red Dot has the right to increase the requirement to up to 3% of Gross Revenues or $1,000 each month, whichever is greater.

13.9 Minimum Requirements Only. You understand and acknowledge that the required contributions and expenditures set forth in this Section 13 are minimum requirements only, and that you may, and are encouraged by Red Dot to, expend additional funds for advertising, marketing and promotion.

13.10 Internet Advertising. You shall not establish a presence on, or marketing using, the Internet without first obtaining Red Dot's written consent and your compliance with any conditions and restrictions Red Dot designates. You are strictly prohibited from promoting the Franchised Restaurant on any social or networking website, including Facebook®, TikTok, LinkedIn®, Instagram®, Twitter®, Groupon®, or any similar sites or future developed platforms without Red Dot's prior written consent in each instance. Red Dot may withhold or revoke its consent for any reason. You may not promote or sell any products or services, or make any use of the Marks, through the Internet without Red Dot's prior written approval, which Red Dot may withhold in its sole discretion. As a condition of granting any consent, Red Dot shall have the right to establish any requirement Red Dot deems appropriate.

13.10.1 Red Dot may (but is not required to) include in any Red Dot website(s) (inclusive of social media sites) an interior page containing information about the Franchised Restaurant. If Red Dot includes such information on the website, Red Dot shall have the right to require you to prepare the page, at your expense, using Red Dot's designated template. All information must be approved by Red Dot before it is posted. Red Dot retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You shall follow Red Dot's designated intranet and Internet usage rules, policies and requirements, as they may be developed, changed or modified by Red Dot in its sole discretion at any time during the Term. Red Dot retains the sole right to approve any linking to, or other use of, the website.

13.11 Advertising Council. You understand and agree that Red Dot has the right to establish an advertising council ("Advertising Council") in the future. If Red Dot establishes an Advertising Council, it will serve in an advisory capacity to Red Dot with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At Red Dot's sole discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. Red Dot will have the right to modify or dissolve an Advertising

Council (if created) at any time.

13.12 Limitation of Franchisor's Duties. You understand and agree that the only obligations Red Dot has regarding the collection and spending of Brand Fund Contribution, or the administration of the Funds are the express contractual obligations in this Section 13. Red Dot is not acting as a trustee, fiduciary, agent or in any other special capacity. Red Dot makes no representations or warranties regarding the quality or effectiveness of any advertising and marketing activities funded by the Brand Fund Contribution and Red Dot has no liability to you with respect to how the Brand Fund Contribution is spent.

SECTION 14. INSURANCE

14.1 Generally. You shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the Term, at your expense, an insurance policy or policies protecting you and Red Dot, and their respective officers, directors, partners, and employees, against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense, whatsoever, arising or occurring upon or in connection with the Franchised Restaurant.

14.2 Minimum Requirements. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Red Dot, with a financial rating of A- or better, and shall include, at a minimum, the following (except as additional coverages and higher policy limits may reasonably be required by Red Dot from time to time) and/or such additional coverages and higher policy limits as may be required under the Manual and under the terms of the lease for the Franchised Restaurant:

14.2.1 Comprehensive General Liability Insurance (in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate), broad form contractual liability, broad form property damage, personal injury and advertising injury (in the amount of $1,000,000 per occurrence), completed operations, products liability (in the amount of $2,000,000 in the aggregate), and fire damage coverage, in the amount of $50,000, and naming Red Dot as an additional insured in each such policy or policies.

14.2.2 "All Risks" coverage for the full cost of replacement of the Franchised Restaurant premises and all other property in which Red Dot may have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property and Contents (Business Inventory and equipment) and Tenant Improvements Coverage equal to 100% of reconstruction value.

14.2.3 Employer's Liability in the amount of $1,000,000, Workers' Compensation (in an amount meeting state statutory requirements but not less than $500,000), liquor liability and dram shop insurance, and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located and operated.

14.2.4 Employment Practice Liability Insurance (EPLI) with a coverage limit of (state amount and available amounts with Farmers are $100,000, $250,000, $500,000 and $1,000,000) with varying deductibles that are available for each limit of available coverage but no more than $25,000 deductible per claim.

14.2.5 Business interruption insurance, in an amount equal to 100% of Franchisee's annual Gross Revenues for a period of at least 12 months coverage (actual or if not available, estimated and stated amount of coverage with no percentage of coverage or co-insurance clause), excluding ordinary payroll expenses, and naming Red Dot as an additional insured.

14.2.6 "Automobile liability" insurance for owned and non-owned (Hired Auto as well if a company may rent vehicles). You must also obtain and maintain "automobile liability" insurance, including coverage of vehicles not owned by you, but used for your Restaurant, with a combination of primary and excess limits of at least $1,000,000. If there is delivery, you must make sure that delivery coverage is included with both owned and non-owned auto coverage. Driving records should be checked prior to any hires and no more than one citation and/or auto accident on a possible new hire's driving record that also contains no DUI's, Suspensions, and must have an active driver's license.

14.2.7 An umbrella policy with limits of at least $2,000,000 for general liability, auto and employer's liability.

14.2.8 You may, with the prior written consent of Red Dot, elect to have reasonable deductibles in connection with the coverage required under Sections 14.2.1 and 14.2.2 above.

14.3 All Risk Insurance. In connection with any construction, renovation, refurbishment, or remodeling of the Franchised Restaurant, you shall maintain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Red Dot.

14.4 No Limitation. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Red Dot, nor shall your performance of that obligation relieve you of liability under the indemnity provisions, including as set forth in Section 21.3 of this Agreement.

14.5 Franchisee's Negligence. All public liability and property damage policies shall contain a provision that Red Dot, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to Red Dot or its servants, agents or employees by reason of your negligence or the negligence of your servants, agents, or employees.

14.6 Additional Requirements. At least thirty (30) days prior to the time any insurance is first required to be carried by you, and thereafter at least thirty (30) days prior to the expiration of any such policy, you shall deliver to Red Dot Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Red Dot in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. Further, Certificates evidencing the insurance required by Section 14 shall name Red Dot, and each of its partners, subsidiaries, affiliates, directors, agents and employees as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such Certificates evidence coverage.

14.7 Failure to Procure/Maintain. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Red Dot in the Manual or otherwise in writing, Red Dot shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges, together with a reasonable fee for Red Dot s expenses, not to exceed seven percent (7%) of the cost of insurance provided, in so acting, shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies Red Dot may have.

SECTION 15. TRANSFER AND ASSIGNMENT

15.1 Transfer by Franchisor. Red Dot 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 at any time without restriction.

15.2 Transfer by Franchisee. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and/or its current owners, and that Red Dot has granted this franchise in reliance on you and/or your owners' business skill, financial capacity, and personal character. Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in this franchise or in your shares, membership interests or partnership interests if you are a corporation, limited liability company or partnership, shall sell, assign, transfer, convey, or give away, any direct or indirect interest in this franchise, the Franchised Restaurant, or in any legal entity which owns this franchise (each a "Transfer") without the prior written consent of Red Dot, which may be granted or withheld in Red Dot's sole and absolute discretion. Notwithstanding the foregoing, Red Dot's prior written consent shall not be required for a transfer of less than a five percent (5%) interest in a corporation registered under the Securities Exchange Act of 1934 ("publicly-held corporation"). Any purported, sale, assignment, encumbrance or transfer, by operation of law or otherwise, not having the written consent of Red Dot required by this Section 15.2, shall be null and void and shall constitute a material breach of this Agreement, for which Red Dot may then terminate without opportunity to cure pursuant to Section 16.2.23 of this Agreement.

15.3 Ownership Changes. Without limiting the foregoing, Franchisee acknowledges that a transfer requiring Red Dot's prior written consent shall be deemed to occur upon any sale, resale, pledge, encumbrance, transfer or assignment of: (a) any fractional partnership ownership interest if Franchisee is a partnership; (b) any membership interest, if Franchisee is a limited liability company; or (c) any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, if Franchisee is a corporation. Any new partner, shareholder, member or manager (as applicable) will be required to personally guarantee Franchisee's obligations under this Agreement.

15.4 Conditions for Approval. Red Dot may condition its approval of any proposed Transfer upon satisfaction of the following occurrences:

15.4.1 All of Franchisee's accrued monetary obligations and all other outstanding obligations to Red Dot and its subsidiaries and affiliates shall have been satisfied;

15.4.2 Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between (a) Franchisee and Red Dot or its subsidiaries or affiliates; and/or (b) any of Franchisee's owners and/or affiliates and Red Dot or its subsidiaries and/or affiliates;

15.4.3 The transferor shall have executed a general release under seal, in a form satisfactory to Red Dot, of any and all claims against Red Dot and its subsidiaries and affiliates, and their respective officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

15.4.4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Red Dot may request) shall enter into a written assignment, under seal and in a form satisfactory to Red Dot, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if Franchisee's obligations were guaranteed by the transferor, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to Red Dot;

15.4.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Red Dot may request) shall demonstrate to Red Dot's satisfaction that it meets Red Dot’s educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Restaurant (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the business;

15.4.6 At Red Dot’s option, the transferee shall execute (and/or, upon Red Dot’s request, shall cause all interested parties to execute), for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and such other ancillary agreements as Red Dot may require for the Franchised Restaurant, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement; provided, however, that the transferee shall not be required to pay an initial franchise fee;

15.4.7 The transferee, at its expense, shall upgrade the Franchised Restaurant to conform to Red Dot’s then-current standards and specifications, and shall complete the upgrading and other requirements within the time specified by Red Dot;

15.4.8 The transferee shall remain liable for all of the obligations to Red Dot in connection with the Franchised Restaurant prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Red Dot to evidence such liability;

15.4.9 The transferee (or, if the transferee is a corporation, limited liability company or partnership, a principal of the transferee acceptable to Red Dot) and the transferee's manager shall, at the transferee's expense, complete any training programs then in effect for franchisees upon such terms and conditions as Red Dot may reasonably require;

15.4.10 Franchisee shall pay a transfer fee in an amount equal to 75% of the then-current initial franchise fee as disclosed under our then-current franchise disclosure document, or such greater amount as is necessary to reimburse Red Dot for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees. If Franchisee requests Red Dot’s approval of a transfer but does not make the transfer, Franchisee shall pay Red Dot $1,000. If the transfer is simply transferring shares between existing owners that have already been approved by Red Dot, or if adding a new shareholder that does not change the majority ownership in the franchisee entity, the franchisee shall pay a transfer fee of $5,000. If transferee is an existing Red Dot franchisee in the franchise system, franchisee shall pay a transfer fee of 50% of then-current initial franchise fee. The transfer fee set forth in this Section 15.4.10 shall not apply in the event Franchisee transfers the Franchised Restaurant to Red Dot. 50% of the transfer fees must be paid by the Franchisee at the time it provides notice to Franchisor. The remaining 50% balance shall be paid upon completion of the transfer to the transferee.

15.4.11 Franchisee acknowledges and agrees that each condition which must be met by the transferee is necessary to assure such transferee's full performance of the obligations under this Agreement.

15.5 Right Of First Refusal. Any party holding any interest in Franchisee or in the franchise granted by Red Dot pursuant to this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest or the Franchised Restaurant (including any sale of substantially all of the assets of the Franchised Restaurant) shall notify Red Dot in writing of each such offer and shall provide such information and documentation relating to the offer as Red Dot may require.

15.5.1 Upon Red Dot’s request, Franchisee must provide Red Dot any information about the business and operations of the Franchised Restaurant that Red Dot requests.

15.5.2 Red Dot shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and all information requested under subsection 15.5.1, to send written notice to the seller that Red Dot intends to purchase the seller's interest, or the Franchised Restaurant, as applicable, on the same terms and conditions offered by the third party and at the same price. If Red Dot does not provide written notice to the seller within the thirty (30)-day period, Red Dot will be deemed to have not exercised the right of first refusal provided to it under Section 15.5.

15.5.3 If Red Dot elects to purchase the seller's interest, closing on such purchase must occur within thirty (30) days from the date of notice to the seller of the election to purchase by Red Dot. If Red Dot exercises its option, Red Dot will waive the transfer fee described in Section 15.4.10. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Red Dot as in the case of an initial offer.

15.5.4 Failure of Red Dot to exercise the option afforded by Section 15.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 15.4 with respect to a proposed transfer, including, without limitation, the requirement that Franchisee obtains Red Dot's prior written consent.

15.5.5 If the consideration, terms, and/or conditions offered by a third party include assets not related directly to the Franchised Restaurant or otherwise are such that Red Dot may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Red Dot may purchase the interest in the Franchised Restaurant proposed to be sold for an amount reasonably allocable to that interest 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 allocable to the interest in the Franchised Restaurant, an independent appraiser shall be mutually designated by Franchisee and Red Dot, and such independent appraiser's determination shall be binding.

15.6 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual, Franchisee has the right to assign Franchisee's rights under this Agreement to a corporation or limited liability company for the convenience of operation; provided that such entity is wholly owned by Franchisee. Such assignment will not be subject to Red Dot's right of first refusal, as set forth in Section 15.5 of this Agreement provided that the corporation or limited liability company complies with Section 19.1 and it is newly organized and its business activities are confined to that of operating the Franchised Restaurant or operating other Restaurants under franchise agreements with Red Dot and the corporation or limited liability company; and the corporation or limited liability company agrees in writing to assume all of your obligations under this Agreement pursuant to the terms of the Assignment and Assumption Agreement attached to this Agreement as Exhibit E.

15.7 Transfer Upon Death Or Mental Incapacity. Upon the death or mental incapacity of any person with an interest in the franchise or in Franchisee (if Franchisee is a corporation, limited liability company or partnership), the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by Red Dot within six months after such death or mental incapacity (the "Transfer Period"). Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an intervivos transfer, and to the following conditions:

15.7.1 In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 15.7, the personal representative of the deceased person shall have an additional period of up to six (6) months from the date such individual is disapproved by Red Dot (the "Extension Period") to dispose of the deceased's interest in the franchise.

15.7.2 Notwithstanding the foregoing, the following conditions shall be met during the

Transfer Period and any Extension Period: (i) the executor, administrator, or personal representative, as applicable, has provided Red Dot with documentation reasonably satisfactory to Red Dot evidencing such person's authority to receive an assignment or to dispose of the deceased's interest in the franchise; (ii) the Franchised Restaurant remains open and operating in accordance with all terms and conditions of the Agreements at all times; and (iii) a manager who has been approved by Red Dot and who has completed Red Dot's Initial Training to Red Dot's satisfaction is designated to operate the Franchised Restaurant during the Transfer Period and/or Extension Period, as applicable.

15.7.3 Red Dot shall in no way assume any liability in connection with the legal authority of the deceased's executor, administrator, heir, beneficiary or personal representative to receive an assignment or to dispose of the deceased's interest in the franchise.

15.7.4 In the event a manager acceptable to Red Dot has not been designated to operate the Franchised Restaurant during the Transfer Period and, if applicable, Extension Period, Red Dot shall have the right, at its option, to step in and either itself, or through a third party designated by Red Dot, operate the Franchised Restaurant during such period. Red Dot or its designee shall be entitled to a reasonable fee for such services, in addition to compensation for all costs and expenses incurred in providing such services.

15.7.5 If the foregoing conditions are not satisfied, or if the deceased's interest in the franchise is not transferred or disposed of before the expiration of the Transfer Period or Extension Period, if applicable, Red Dot shall have the right to immediately terminate this Agreement.

15.8 Non-Waiver Of Claims. Red Dot's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims Red Dot may have against the transferring party, nor shall it be deemed a waiver of Red Dot's right to demand exact compliance with any of the terms of this Agreement by the transferee.

SECTION 16. DEFAULT, TERMINATION AND ALTERNATIVE REMEDIES

16.1 Default and Termination. If Franchisee commits any act of default under this Agreement, and Franchisee fails to cure the default after any required notice and within the applicable cure period, then this Agreement shall terminate automatically without any requirement of further notice by Red Dot or to Franchisee, subject only to Red Dot's right to exercise its remedy under Section 16.2. The cure period applicable to any act of default is set forth below; if no cure period for an act of default is specifically set forth below, it shall be thirty (30) days. No cure period is allowed for certain acts of default described below. If any applicable law requires a longer notice period or a longer cure period than is provided in this Agreement, then the period required by law shall be substituted for time period provided below.

16.2 Material Acts of Default: The following acts are each a material act of default under this Agreement and shall be good cause for termination:

16.2.1 If the Franchised Restaurant does not open for business to the public by the date that is (a) 270 days from the Effective Date of this Agreement, or (b) 180 days from the date Franchisee enters into a lease agreement or purchase agreement, as applicable, for the Approved Restaurant Location.

16.2.2 Franchisee's failure to commence the design, construction, equipping and process of opening the Franchised Restaurant with due diligence, or otherwise in accordance with time established by Red Dot at the time of execution of this Agreement.

16.2.3 Franchisee files a petition or application seeking any type of relief under United States Bankruptcy Code or any state insolvency or similar law, or a third-party files a petition or application under

United States bankruptcy laws or any state insolvency or similar laws seeking to have Franchisee adjudicated a bankrupt, and the petition is not dismissed within ninety (90) days after it is filed. Subject to applicable law, this Agreement shall terminate without notice or cure period upon the occurrence of this act of default as if that date were the expiration date and Franchisee expressly and knowingly waives any rights that Franchisee may have under the provisions of the United States Bankruptcy Code and consents to the termination of this Agreement or any other relief which may be sought in a complaint filed by Red Dot to lift the provisions of the automatic stay of the United States Bankruptcy Code. Additionally, Franchisee agrees not to seek an injunctive order from any court in any jurisdiction relating to insolvency, reorganization or arrangement proceedings which would have the effect of staying or enjoining this provision.

16.2.4 Franchisee becomes insolvent, a receiver or custodian (permanent or temporary) of Franchisee's property or any part thereof is appointed by a court of competent authority, or Franchisee makes a general assignment for the benefit of creditors. There shall be no cure period for an act of default under this provision.

16.2.5 A final judgment against Franchisee remains unsatisfied of record for thirty (30) days or longer (unless a supersedes or other appeal bond is filed), execution is levied against Franchisee's business or property at the Location, or a suit to foreclose any lien or mortgage against the Franchised Restaurant premises or any furniture, fixtures or equipment at the Franchised Restaurant is filed against Franchisee and not dismissed within thirty (30) days. The cure period for an act of default under this provision is five days after notice by Red Dot following expiration of any other period set forth in the provision.

16.2.6 Franchisee defaults in the performance of any term, condition, or obligation of payment of any indebtedness to Franchisee's suppliers or others arising out of the purchase or lease of equipment in connection with the Franchised Restaurant.

16.2.7 Franchisee fails to pay when due any Royalty Fee, Brand Fund Contribution, or other amounts due and payable to Red Dot under this Agreement. The cure period for an act of default under this provision is ten (10) days after notice by Red Dot.

16.2.8 Franchisee fails to submit any Gross Revenues reports or other financial or operational report required under this Agreement, or as requested by Franchisor, or unintentionally files an inaccurate Gross Revenues statement or other financial report required under this Agreement. The cure period for an act of default under this provision is five (5) days after notice by Red Dot

16.2.9 Franchisee knowingly submits any false Gross Revenues statement, operational report, or any other financial report required under this Agreement or requested by Franchisor. There shall be no cure period for an act of default under this provision.

16.2.10 Franchisee fails to operate the Franchised Restaurant in accordance with Red Dot's standards as to cleanliness, safety, health and sanitation. The cure period for an act of default under this provision is five days after notice by Red Dot.

16.2.11 Franchisee fails to immediately rectify all hazardous situations, and immediately remove and destroy any and all hazardous products. For purposes of the foregoing sentence, "hazardous situations" are those which have the potential to cause injury, illness or death, and "hazardous products" are products, which are unfit for human consumption or which have the potential to cause injury, illness or death. There shall be no cure period for an act of default under this provision.

16.2.12 Franchisee sells products at the Franchised Restaurant that are not approved by Red Dot for sale at the Franchised Restaurant, or sells products that do not conform to the product specifications established by Red Dot. The cure period for an act of default under this provision is five (5) days after notice by Red Dot.

16.2.13 Franchisee fails to use proprietary recipes designated by Red Dot, or fails to sell or offer for sale at the Franchised Restaurant any product that is required by Red Dot to be sold or offered for sale at the Franchised Restaurant. The cure period for an act of default under this provision is five (5) days after notice by Red Dot

16.2.14 Franchisee fails to use at the Franchised Restaurant any furniture, fixtures, equipment or signage required by Red Dot to be used at the Franchised Restaurant.

16.2.15 Franchisee uses at the Franchised Restaurant any furniture, fixtures, equipment or signage not approved by Red Dot for use at the Franchised Restaurant.

16.2.16 Franchisee fails to repair and maintain the Franchised Restaurant, or the furniture, fixtures, equipment or signage at the Franchised Restaurant to the standards required by Red Dot.

16.2.17 Franchisee fails to operate the Franchised Restaurant in accordance with any of Red Dot's standards (other than those as to cleanliness, safety, health and sanitation) as to operating procedures, system and methods of operation (including, without limitation, standards related to quality and quantity of food products served).

16.2.18 Franchisee fails to obtain and maintain all insurance required under this Agreement, with all required terms and policy provisions as required by this Agreement. The cure period for an act of default under this provision is ten (10) days after notice by Red Dot.

16.2.19 Franchisee violates any law, ordinance, rule or regulation of a governmental body or authority in connection with the operation of the Franchised Restaurant, and Franchisee fails to correct the violation within twenty (20) days after notification by the governmental body or authority. The cure period for an act of default under this provision is five days from notice by Red Dot after expiration of the twenty (20) days from notification by the governmental body or authority; provided, however, that the five (5) day cure period shall be stayed if there is a bona fide dispute as to the violation or the legality of the law, ordinance, rule or regulation at issue, and Franchisee takes action in an appropriate court or other forum to contest such violation or legality.

16.2.20 Franchisee loses its right to possession of the Franchised Restaurant or the Approved Restaurant Location. There shall be no cure period for an act of default under this provision.

16.2.21 Franchisee abandons the franchise and franchise relationship with Red Dot. It shall be an abandonment of the franchise and franchise relationship with Red Dot if Franchisee ceases to do business at the Franchised Restaurant for a period of five (5) consecutive days. There shall be no cure period for an act of default under this provision.

16.2.22 Franchisee fails to comply with the restrictions on Confidential Information, or any covenants set forth in Section 11 or Section 18 of this Agreement, or if Franchisee misuses or make any unauthorized use of the Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Red Dot's rights therein. There shall be no cure period for an act of default under this provision.

16.2.23 Franchise sells, assigns, transfers, encumbers, or licenses any interest in this Agreement or in the franchise or Franchised Restaurant without the prior written consent of Red Dot and otherwise as permitted under this Agreement. There shall be no cure period for an act of default under this provision.

16.2.24 Franchisee violates any other obligation, provision or condition of this Agreement, not specifically identified in Section 16.2.

16.2.25 Franchisee commits three (3) or more acts of default under this Agreement within any consecutive 12-month period, even if any of the three (3) acts of default are cured by Franchisee. There shall be no cure period under this provision, so that if two (2) prior defaults occur within a 12-month period, this Agreement shall immediately terminate upon the occurrence of a third act of default, and a notice of default delivered by Red Dot.

16.2.26 Franchisee, or any individual with an ownership interest in Franchisee, is convicted in a court of competent jurisdiction of (i) an offense punishable by a term of imprisonment in excess of one year, or (ii) any offense for which a material element is fraud, dishonesty or moral turpitude. There shall be no cure period for an act of default under this provision.

16.3 Cross Default. If Franchisee commits a default in the performance of any of the covenants, conditions or agreements contained in Franchisee's lease for the Approved Restaurant Location or any other agreement (each a "Related Agreement") between (a) Franchisee and Red Dot or Red Dot's subsidiaries or affiliates, or (b) any of Franchisee's Owners, Guarantors or affiliates and Red Dot or Red Dot's subsidiaries or affiliates, Franchisee shall also be in default under this Agreement. Unless the default under such lease or other agreement is cured within the lesser of (a) thirty (30) days after written notice of default by Red Dot under this Agreement, or (b) the applicable cure period for the default under the lease or Related Agreement, Red Dot has the right to terminate this Agreement pursuant to Section 16.2, in addition to Red Dot's rights, if any, under such other agreement(s). Franchisee specifically agrees that all of the foregoing remedies shall be available to Red Dot as a result of Franchisee's failure to perform all obligations required on Franchisee's part pursuant to Franchisee's lease agreement or any Related Agreement, or any breach or default by Franchisee thereunder, even if Franchisee is not otherwise in default under this Agreement.

SECTION 17. POST-TERM OBLIGATIONS

17.1 Post Termination/ Expiration Obligations. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement shall immediately terminate, and you shall strictly comply with the following obligations:

17.1.1 You shall immediately cease to operate the Franchised Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of Red Dot or the System.

17.1.2 You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Marks, trade dress and distinctive forms, slogans, signs, symbols, and devices associated with the System. Without limiting the generality of the foregoing, you shall cease to use all System trade fixtures, signs, advertising materials, displays, stationery, forms, products and any other articles displaying the Marks.

17.1.3 You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any of the Marks, and you shall furnish Red Dot with evidence satisfactory to Red Dot of your compliance with this obligation within five (5) days after termination or expiration of this Agreement.

17.1.4 You shall, at Red Dot's option, assign or sublease to Red Dot or its designee, any interest which you have in any lease for the Franchised Restaurant. If Red Dot does not require you to assign the lease to Red Dot or its designee, you shall make all modifications, changes and alterations to the interior and exterior of the premises at which the Franchised Restaurant was operated, as designated by Red Dot, so as to de-identify the premises from the System. If you fail or refuse to comply with the requirements of this Section 17.1.4, Red Dot shall, in addition to any other rights and/or remedies available to Red Dot under this Agreement or applicable law, have the right to enter upon the premises where the Franchised Restaurant was conducted, 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 your expense, which expense you shall pay to Red Dot or its designee immediately upon demand.

17.1.5 You shall assign to Red Dot or its designee the telephone numbers used in connection with the operation of the Franchised Restaurant. You shall complete all forms and approvals and perform all acts reasonably necessary to effectuate such assignments or transfers.

17.1.6 Without limiting any of your obligations under this Agreement, you agree that if you continue to operate or subsequently begin to operate any business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or the Trade Dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Red Dot's rights in and to the Marks and Trade Dress, and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Red Dot constituting unfair competition.

17.1.7 You shall promptly pay all sums owing to Red Dot and its subsidiaries and affiliates, including Royalty Fees, Continuing Brand Fund Contributions, interest due on any of the foregoing and all other amounts owed to Red Dot that are then unpaid.

17.1.8 The parties agree that, if this Agreement is terminated as a result of your default prior to the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Red Dot because of the unpredictability of future business conditions, inflationary prices, the impact on Red Dot's reputation from having a closed location, the ability of Red Dot to replace the Franchised Restaurant in the same market, and other factors. Accordingly, if this Agreement is terminated as a result of any default by you, Red Dot shall be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the aggregate Royalty Fees and Brand Fund Contributions due to Red Dot during the thirty-six (36) full calendar months during which the Franchised Restaurant was open and operating immediately before the termination date. If the Franchised Restaurant has not been open and operating for thirty-six (36) months before the termination date, liquidated damages shall be equal to the average monthly Royalty Fees and Brand Fund Contributions due to Red Dot for all months during which the Franchised Restaurant was open and operating multiplied by thirty-six (36). If there are less than thirty-six (36) months remaining on the Term, the liquidated damages shall be calculated by multiplying the amount calculated above by a fraction, the numerator of which is the number of calendar months (including partial months) remaining on the Term, and the denominator of which is thirty-six (36).

17.1.9 You shall pay to Red Dot all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Red Dot subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 17 or any other post-term obligations under this Agreement.

17.1.10 You shall immediately deliver to Red Dot all manuals, including the Manual, and all other records, correspondence, and instructions containing confidential information, or information relating to the operation of the Franchised Restaurant, all of which are acknowledged to be the property of Red Dot, and shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties, and any other documents which you reasonably need for compliance with any provision of law.

17.1.11 Franchisee shall comply with the covenants contained in Section 18.3 of this Agreement.

17.2 Franchisor's Right to Purchase the Franchised Business. Red Dot shall have the option, to be exercised within sixty (60) days after termination or expiration of this agreement, as applicable, to purchase the Franchised Restaurant from you, including the leasehold rights to the Franchised Restaurant, free and clear of all liens, restrictions or encumbrances. (The date on which Red Dot notifies you whether or not Red Dot is exercising its option is referred to in this Agreement as the "Notification Date.") Red Dot has the unrestricted right to assign this option to purchase the Franchised Restaurant. Red Dot will be entitled to all customary warranties and representations in connection with Red Dot's asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contract and agreements; and liabilities effecting the assets, contingent or otherwise. If Red Dot elects to exercise its option to purchase the Franchised Business, the following shall apply:

17.2.1 Leasehold Rights. You agree, at Red Dot's election to assign your leasehold interest in the Franchised Restaurant premises to Red Dot or its designee, or to enter into a sublease with Red Dot or its designee for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

17.2.2 Purchase Price. The purchase price for the Franchised Restaurant will be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Restaurant's equipment, signs, inventory, materials and supplies, provided that the Franchised Restaurant will be valued as an independent business and its value will not include any value for the franchise or any rights granted by this Agreement; the Marks; or participation in the network of System Restaurants.

17.2.3 Fair Market Value. The Franchised Restaurant's fair market value will include the reasonable goodwill you developed since your commencement of operations that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Franchised Restaurant premises will also be considered in determining the Franchised Restaurant's fair market value.

17.2.4 Exclusions. Red Dot may exclude the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Franchised Restaurant's operation or that Red Dot has not approved as meeting standards for the Franchised Restaurant, and the purchase price will reflect such exclusions.

17.2.5 Appraisal. If you and Red Dot are unable to agree on the Franchised Restaurant's fair market value, its fair market value will be determined by one (1) independent qualified appraiser that Red Dot appoints in its sole business judgment. Red Dot will appoint the appraiser within fifteen (15) days after the date Red Dot determines you and Red Dot are unable to agree on the Franchised Restaurant's fair market value. You and Red Dot will share equally the fees and expenses of the appraiser. You and we further agree to take reasonable actions to cause the appraiser to complete the appraisal within thirty (30) days after the appraiser's appointment. Red Dot shall have the right to offset against the purchase price your share of the appraiser's fees if you fail to pay such fees within 5 business days after your receipt of the appraiser's invoice.

17.2.6 Closing. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. Red Dot also shall have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners or guarantors owe to us, including attorneys' fees.

17.2.7 Instruments. At the closing, you agree to deliver instruments transferring' (a good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to Red Dot, if any) with all sales and other transfer taxes paid by you; and (b) all licenses and permits of the Franchised Restaurant which may be assigned or transferred; and (c) the leasehold interest in the Franchised Restaurant premises and improvements thereon.

17.2.8 Escrow. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will, at Red Dot's election, be accomplished through an escrow arrangement with an independent escrow agent selected by Red Dot.

17.2.9 Releases. You and your owners and guarantors agree to execute general releases, in form satisfactory to Red Dot of any and all claims against Red Dot and its shareholders, officers, directors, employees, agents, successors and assigns.

SECTION 18. BEST EFFORTS; RESTRICTIVE COVENANTS

18.1 Best Efforts. Franchisee covenants that during the Term, except as otherwise approved in writing by Red Dot, Franchisee's Managing Owner, who has: (i) been approved by Red Dot; (ii) completed Red Dot's Initial Training to Red Dot's satisfaction; and (iii) entered into a Restrictive Covenant Agreement in the form attached hereto as Exhibit F, shall devote full time, energy, and best efforts to the management and operation of the Franchised Restaurant.

18.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Red Dot and the System. Franchisee covenants that during the Term, except as otherwise approved in writing by Red Dot, neither Franchisee, nor any of its officers, directors, members, managers, shareholders, partners or owners, nor Franchisee's spouse nor the spouse of any of the aforementioned individuals (collectively "Bound Parties"), will, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation:

18.2.1 Divert or attempt to divert any business or customer of the Franchised 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 Red Dot's Marks or the System; or

18.2.2 Own, maintain, operate, engage in, provide any assistance to, or have any interest in any Competitive Business (as defined below).

> The term "Competitive Business" means any business operating or granting franchises or licenses to others to operate a restaurant (a) offering or selling menu items of the type offered by the Restaurants; or (b) marketing itself as a dine-in, casual or quick service chicken restaurant. The term Competitive Business shall not include other Restaurants operated by Franchisee pursuant to a valid, binding franchise agreement by and between Franchisee and Red Dot.

18.3 Post-Termination/Expiration Covenants. You covenant that, except as otherwise approved in writing by Red Dot, you shall not, for a continuous uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide assistance to, or have any interest in any Competitive Business (as defined above) that is, or is intended to be, located (a) at the Approved Restaurant Location; or (b) within a twenty-five (25) mile radius of the Approved Restaurant Location, or within a twenty-five (25) mile radius of any other Restaurant in existence or under construction at the time this Agreement is terminated, expired or transferred, as applicable. Franchisee further covenants that it shall not engage in unfair competition with Red Dot.

18.4 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against Red Dot whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Red Dot of the covenants in this Section 18. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Red Dot in connection with the enforcement of any of Franchisee’s obligations under Section 18.

18.5 Irreparable Harm. Franchisee acknowledges that any violation of the terms of Section 18 would result in irreparable injury to Red Dot for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of any of the terms of Section 18.

18.6 Restrictive Covenant Agreements. Franchisee shall require and obtain execution of a restrictive covenant agreement in the form attached to this Agreement as Exhibit F, which includes covenants similar to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) from the Franchisee’s Managing Owner, the Trained Manager, and all of Franchisee’s managers and any other personnel employed by Franchisee who has received or will receive training from Red Dot or will otherwise be privy to Confidential Information. Every covenant required by this Section 18.6 shall include a specific identification of Red Dot as a third-party beneficiary of such covenants with the independent right to enforce them.

18.7 Acknowledgment. Franchisee acknowledges and agrees that the length and term of the geographical restrictions contained in Section 18 are fair and reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Red Dot. Franchisee agrees that Franchisee’s full, uninhibited and faithful observance of each of the covenants contained in Section 18 will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants in this Section will not impair Franchisee’s ability to obtain employment commensurate with Franchisee’s abilities and on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee, Franchisee’s family and the satisfaction of Franchisee’s creditors. Franchisee agrees that its special knowledge of the business of a System franchisee (and anyone acquiring knowledge through Franchisee) would cause Red Dot and other System franchisees serious injury and loss if Franchisee (or anyone acquiring knowledge through Franchisee) were to use this knowledge to the benefit of a competitor or were to compete with Red Dot or any System franchisees.

18.8 Extension of Covenant Period. If Franchisee violates the post-term covenant set forth in Section 18.3 above following expiration, termination or transfer of this Agreement, Franchisee acknowledges and agrees that the post-term covenant period of two (2) years shall be extended to commence on the date Franchisee first complies with such covenant so as to provide Red Dot with the full benefit of the post-term covenant period uninterrupted by Franchisee’s interference.

SECTION 19. OWNERSHIP BY LEGAL ENTITY

19.1 Corporation or Limited Liability Company. If Franchisee is a corporation or limited liability company, the following requirements shall apply:

19.1.1 Franchisee shall be newly organized and its charter shall at all times provide that Franchisee's activities are confined exclusively to operating the Franchised Restaurant.

19.1.2 If Franchisee is a corporation, copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement shall be promptly furnished to Red Dot. If Franchisee is a limited liability company, copies of Franchisee's Certificate of Organization, Operating Agreement and other governing documents, any amendments thereto, including any resolutions authorizing entry into this Agreement shall be promptly furnished to Red Dot.

19.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on Franchisee's records of any equity securities or membership interests; and each stock certificate or membership interest, as applicable, shall have conspicuously endorsed upon its face a statement in a form satisfactory to Red Dot that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 19.1.3. shall not apply to a publicly-held corporation.

19.1.4 Franchisee shall maintain a current list of: (i) all owners of record and all beneficial owners of any class of voting securities, if Franchisee is a corporation; or (ii) all members or beneficial owners of any interest, if Franchisee are a limited liability company, and Franchisee shall furnish the list to Red Dot.

19.1.5 All shareholders, if Franchisee is a corporation, or all members and managers, if Franchisee is a limited liability company, shall jointly and severally guarantee Franchisee's performance under this Agreement and shall bind themselves to the terms of this Agreement; provided, however, that the requirements of this Section 19.1.5. shall not apply to a publicly-held corporation.

19.2 Partnerships. If Franchisee is a partnership, Franchisee shall comply, except as otherwise approved in writing by Red Dot, with the following requirements throughout the Term:

19.2.1 Franchisee shall furnish Red Dot with its partnership agreement as well as such other documents as Red Dot may reasonably request, and any amendments thereto.

19.2.2 Franchisee shall prepare and furnish to Red Dot, upon request, a list of all general and limited partners.

SECTION 20. COMPLIANCE WITH LAWS; TAXES & PERMITS

20.1 Compliance with Laws. Franchisee shall comply with all applicable 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 franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

20.2 Prompt Payment. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement.

20.3 Bona Fide Dispute. 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; provided, however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Restaurant, or any improvements thereon.

20.4 Notice of Action. Franchisee shall notify Red Dot 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 the Franchised Restaurant.

SECTION 21. INDEPENDENT CONTRACTOR STATUS; INDEMNIFICATION

21.1 Independent Contractors/ No Fiduciary Relationship.

21.1.1 Red Dot and Franchisee have no intention whatsoever to create a fiduciary relationship and the parties understand that no fiduciary or special relationship exists or is created by this Agreement. It is expressly agreed that the parties intend by this Agreement to establish between you and Red Dot the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on Red Dot's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor Red Dot are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. All employees and agents hired or engaged by or working for you will be only the employees or agents of yours and will not, for any purpose, be deemed employees or agents of Red Dot, nor subject to Red Dot's direct or indirect control. Red Dot has no authority to exercise control, directly or indirectly, over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors and you shall save, indemnify and hold Red Dot harmless from any and all liability, costs and expenses of any nature that Red Dot incurs related to these obligations. Franchisee shall in all respects be an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, joint-employer, partner, employee, or servant of the other for any purpose whatsoever.

21.1.2 During the Term, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Red Dot. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice in a conspicuous place at the Franchised Restaurant premises, the content of which Red Dot reserves the right to specify providing that Franchisee is a Franchisee and Independent operator. Without limiting the foregoing, Franchisee shall display the following notice in a prominent place at your Restaurant: "This *The Red Chickz®* restaurant is a franchise of Red Dot Restaurant Group, Inc. and is independently owned and operated by [Insert Franchisee entity name]."

21.1.3 Red Dot does not owe Franchisee any special duty other than to comply with its contractual duties under this Agreement.

21.2 No Authorization. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Red Dot's behalf, or to incur any debt or other obligation in

Red Dot's name; and Red Dot shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Red Dot be liable by reason of any act or omission by Franchisee in the conduct of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or Red Dot. Red Dot will have no liability or responsibility for any damages to any person or property directly or indirectly arising out of the Franchised Restaurant's operation.

21.3 Indemnification. Franchisee shall save, defend, exonerate, indemnify and hold Red Dot, and Red Dot's principals, affiliates, shareholders, members, managers, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations and damages described in this Section any taxes described in Section 5.8 of this Agreement and any claims and liabilities directly or indirectly arising out of or related to the Franchised Restaurants' operation or Franchisee's breach of this Agreement, except to the extent they arise as a result of Red Dot's own gross negligence or willful misconduct. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Red Dot has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Under no circumstances will Red Dot or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate their or Red Dot's losses and expenses, in order to maintain and recover fully a claim against Franchisee.

SECTION 22. APPROVALS; WAIVERS; NOTICES

22.1 Approvals and Consents. Whenever this Agreement requires the prior approval or consent of Red Dot, Franchisee shall make a timely written request to Red Dot therefor, and such approval or consent must be obtained in writing. Red Dot may grant or withhold its approval or consent in Red Dot's sole and absolute discretion.

22.2 No Warranties. Red Dot makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

22.3 No Waiver. Red Dot will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant of this Agreement or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice at variance with the terms of this Agreement; Red Dot's failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by Franchisee with respect to the obligations of this Agreement, including, without limitation, any System standard; Red Dot's waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Restaurants; the existence of other franchise agreements for Restaurants which contain different provisions from those contained in this Agreement; or Red Dot's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. Red Dot is authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect. Acceptance by Red Dot of payments due under this Agreement from any person or entity shall be deemed to be acceptance from such person or entity as Franchisee's agent and not as recognition of such person or entity as Franchisee's assignee or successor.

22.4 Notices. Any and all notices required or permitted under this Agreement or the Manual shall be deemed so delivered: (a) at the time delivered, if by hand; (b) one (1) business day after being placed on the hands of a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail by registered or certified mail, return receipt request postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Red Dot may send any notice to Franchisee at the Approved Restaurant Location. Franchisee must send a copy of any notice to Red Dot to the attention of Red Dot's president or chief executive officer. Notwithstanding the deemed delivery dates above, any required payment or report which Red Dot does not actually receive during regular business hours on the date due will be deemed delinquent. Red Dot's current address for notices is set forth in the opening paragraph of this Agreement.

22.5 Force Majeure. Neither Franchisee nor Red Dot will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisee's or Red Dot's failure to perform any obligation results from:

22.5.1 transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

22.5.2 acts of God;

22.5.3 fires, strikes, embargoes, wars or riots; or

22.5.4 any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of royalties due on any sales thereafter.

22.6 Withholding of Payments Prohibited. Franchisee agrees that it will not set off or withhold payment of any amounts Franchisee owes on the grounds of Red Dot's alleged nonperformance of any of Franchisee's obligations under this Agreement or for any other reason.

SECTION 23. SEVERABILITY; CONSTRUCTION

23.1 Severability. Except as expressly provided to the contrary in this Agreement, each section, part, term, provision, and covenant of this Agreement, and any portion of each, will be considered severable. If, for any reason, any such section, part, term, provision, and/or covenant 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, provisions, and/or covenants 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, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

23.2 No Third-Party Beneficiaries. 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, Red Dot, Red Dot's officers, directors, and employees, and such of Franchisee's and Red Dot's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

23.3 Maximum Duty. 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 may hold to be unreasonable and unenforceable in a final decision to which Red Dot is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

23.4 Captions. 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.

23.5 References. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on Franchisee's behalf.

23.6 Additional Requirements. All instructions, requirements, prescriptions or specifications to be provided by Red Dot to Franchisee, as required under this Agreement, may be provided to Franchisee in the Manual or otherwise in writing, or in such manner as Red Dot may deem suitable.

SECTION 24. GOVERNING LAW; MEDIATION; ARBITRATION; WAIVERS; LIMITATIONS

24.1 Governing Law & Venue. This Agreement shall take effect upon its acceptance and execution by Red Dot. Except to the extent governed by the United States Arbitration Act (9 U.S.C.§§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C.§1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between Red Dot, and/or any of its affiliates, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of Nevada which laws shall prevail in the event of any conflict of law.

24.1.1 In the event the arbitration clause set forth in Section 24.3 is inapplicable or unenforceable, and subject to Red Dot's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the District of Nevada, or if such court lacks subject matter jurisdiction, the State Superior Court in Las Vegas, Nevada, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of Nevada and that you are to receive valuable and continuing services emanating from Red Dot's headquarters in Nevada. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

24.2 Mediation. The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by Red Dot under Section 24.4 of this Agreement, before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between you and/or any of your owners, affiliates, officers, directors, shareholders, guarantors, employees, owners or members (each a "Franchisee Related Party"), on the one hand, and Red Dot, and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors or owners (each a "Red Dot Related Party"), on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) any lease or sublease for your Franchised Business; (c) any loan or other finance arrangement between Red Dot and Red Dot's affiliates and you; (d) the parties' relationship; (e) events occurring prior to the entry into this Agreement; (f) the Restaurant; or (g) any System standard, in accordance with the procedures set forth in this Section 24.2, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. The Mediation shall be conducted in accordance with the following provisions:

24.2.1 Initiation Procedure. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice will specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. The party (or parties as the case may be) receiving a Dispute Notice (the "Responding Party") will issue a written response (the "Response") to the Initiating Party within fifteen (15) business days after receipt of the Dispute Notice identifying one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

24.2.2 Direct Negotiations. Upon receipt of a Dispute Notice and the issuance of the Response, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice and the Response. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice or a response thereto within twenty (20) days after the Initiating Party's receipt of the Response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in Las Vegas or the city of Red Dot's then-current corporate headquarters, as Red Dot designates.

24.2.3 Selection of the Mediator. The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she, or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 24.2 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

24.2.4 Time and Place for Mediation. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless the circumstances make it impossible, the time may not be later than thirty (30) days after the selection of the mediator.

24.2.5 Exchange of Information. If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.

24.2.6 Summary of Views. At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

24.2.7 Representatives. In the mediation, each party must be represented by an Authorized Person and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

24.2.8 Conduct of Mediation. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

24.2.9 Termination of Procedure. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (a) by the signing of a settlement agreement by the parties, (b) by the mediator's declaration that the mediation is terminated, or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

24.2.10 Fees of Mediator; Disqualification. The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

24.2.11 Confidentiality. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

24.3 Arbitration. Except as provided in Section 24.4, and if not resolved by the negotiation and mediation procedures described under Section 24.2 above, any dispute, controversy or claim between you and/or a Franchisee Related Party, on the one hand, and Red Dot and/or any Red Dot Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the entry into this Agreement; (d) any lease or sublease for your Restaurant; (e) any loan or other finance arrangement between Red Dot or Red Dot's affiliates and you; (f) the parties' relationship; (g) your Restaurant; (h) any System Standard; (i) any claim based in tort or any theory of negligence; (j) or the scope of validity of the arbitration obligation under this Section; shall be determined in arbitration by the AAA. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitration shall be conducted in accordance with the following provisions:

24.3.1 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

24.3.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 24.1.1. The arbitration must take place in Las Vegas, Nevada, or where Franchisor's then-current principal office is located, as Franchisor designates.

24.3.3 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Red Dot. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Red Dot is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Section 24.3 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

24.3.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

24.3.5 The arbitrator will have subpoena powers limited only by the laws of the state of Nevada.

24.3.6 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the state of Nevada

24.3.7 All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the state of Nevada.

24.3.8 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

24.3.9 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

24.3.10 Red Dot reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Red Dot's right to seek recovery of those costs against you.

24.4 Exceptions to Arbitration and Mediation.

24.4.1 Notwithstanding the provisions of Sections 24.2 and 24.3 of this Agreement, Red Dot shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) your, and/or any Franchisee Related Party's use of the Marks; (b) the covenants under Section 18 of this Agreement, including your covenants not to compete and confidentiality covenants; (c) your obligations upon termination or expiration of the franchise; (d) and/or transfer or assignment of you or the Franchised Business. If Red Dot secures any such injunction or order of specific performance, you agree to pay to Red Dot an amount equal to the aggregate of Red Dot's costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses and any damages incurred by Red Dot as a result of the breach of any such provision.

24.4.2 Further, at the election of Red Dot, or its affiliate, the mediation and arbitration provisions of Sections 24.2 and 24.3, inclusive of all subparts, shall not apply to: (a) any claim by Red Dot relating to your failure to pay any fee due to Red Dot under this Agreement; (b) any claim by Red Dot relating to your failure to comply with the covenants set forth in Section 18 of this Agreement; and/or (c) any claim by Red Dot or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

24.5 Survival. The provisions of Section 24 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

24.6 Franchisee May Not Withhold Payment Due to Franchisor. You agree that you will not, on grounds of the alleged non-performance by Red Dot of any of its obligations hereunder, or on any other grounds, withhold payment of any Royalty Fees, Brand Fund Contributions or any other fees due to Red Dot from you under this Agreement.

24.7 Waiver of Rights. THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:

24.7.1 Jury Trial. The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE

SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 24.3 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

24.7.2 Damage Waiver. Each of the parties hereto EXPRESSLY WAIVES ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; except that this waiver and limitation shall not apply with respect to: (1) your obligation to indemnify Red Dot pursuant to any provision of this Agreement, or (2) any claims Red Dot brings against you and/or your guarantors and/or Owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your covenants under Section 18, including your in-term and post-term non-competition covenants, and/or any cause of action under the Lanham Act, and Red Dot shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

24.7.3 Each of the parties hereto EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that Red Dot may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

24.8 LIMITATION OF ACTION.

24.8.1 Except for claims arising from your non-payment or underpayment of amounts you owe to Red Dot or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff.

24.8.2 You hereby acknowledge and agree that you may not maintain any action against Red Dot or any Red Dot Related Party unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures described in Section 24, and (c) you file an arbitration within one (1) year after the notice is delivered.

24.9 Cumulative Rights. No right or remedy conferred upon or reserved to Red Dot or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

24.10 Injunctive Relief. You recognize that you are a member of a franchise system and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under the Proprietary Marks and in association with the System. You acknowledge that failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Red Dot and to some or all of the other franchisees of Red Dot. For this reason, You agree that if Red Dot can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, Red Dot will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage. Without limiting the generality of the foregoing, nothing herein contained shall bar Red Dot's right to obtain injunctive relief, without posting bond or security, against conduct or threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders, preliminary and permanent injunctions, and orders of specific performance enforcing the provisions of this Agreement. Additionally, and without limiting the generality of the foregoing, Red Dot shall have the right to seek injunctive relief to prohibit any act or omission by you or your employees that constitute a violation of any applicable law, is dishonest or misleading to the public, or which may impair the goodwill associated with the Proprietary Marks, Trade Dress or System.

24.11 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you and/or any Franchisee Related Party, on the one hand, and Red Dot and/or any Red Dot Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

24.12 Post-Term Applicability. The provisions of Section 24 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

24.13 Costs and Attorneys' Fees. Red Dot shall be entitled to recover from you all of Red Dot's costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if Red Dot is the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your Owners or Guarantors, including, without limitation, any action (a) to enforce the terms of this Agreement, (b) for violation of this Agreement, (c) for violation of the Lanham Act or other state statute. Without limiting the generality of the foregoing, if Red Dot incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to Red Dot or its affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, Franchisee agrees, whether or not Red Dot initiates a formal arbitration or legal proceeding, to reimburse Red Dot for all of the costs and expenses that Red Dot incurs including, without limitation, reasonable accounting, attorneys' and related fees and costs.

SECTION 25. ENTIRE AGREEMENT; ACKNOWLEDGMENTS; MISCELLANEOUS

25.1 Acknowledgments.

25.1.1 Independent Investigation. You acknowledge that you have conducted an independent investigation of the Franchised Business, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. Red Dot does not represent or warrant that the Restaurant will achieve a certain level of sales or be profitable, notwithstanding Red Dot's grant of this license or approval of the Approved Restaurant Location. Red Dot expressly disclaims the making of, and you acknowledge that you have 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. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

25.1.2 FDD Acknowledgment. You acknowledge that you received Red Dot's Franchise Disclosure Document (the "FDD") at least fourteen (14) calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

25.1.3 Consultation with Business Advisor. You acknowledge that you have read and understood this Agreement, the attachments hereto and all agreements relating thereto, if any. You acknowledge that Red Dot has accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement. You further acknowledge that Red Dot has advised you to seek counsel to review and evaluate this Agreement.

25.1.4 No Reliance. You acknowledge that you are relying solely on Red Dot and not on any affiliated entity or parent company related to Red Dot with regard to Red Dot's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing Red Dot has made any statements or promises to the effect that any affiliated entities or parent companies guarantee Red Dot's performance or financially back Red Dot.

25.1.5 No Guarantee of Performance. You understand that neither Red Dot, nor any of Red Dot's representatives and/or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Franchised Business will break even, be successful or profitable. You acknowledge that this franchise opportunity is a newly offered opportunity with no franchisee track record or franchisee operating history. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither Red Dot nor any of its representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with your Franchised Restaurant or any other Restaurant. You further understand, acknowledge and agree that any information you obtain from any other person or entity other than [Franchise Entity] including information relating to sales, profit, cash flows, and/or expenses, does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

25.1.6 No Personal Liability. You agree that fulfillment of any and all of Red Dot's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Red Dot's sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to you for any reason.

25.2 Anti-Terrorist Activities and Representations. You acknowledge that it is Red Dot's intent to comply with all anti-terrorism laws enacted by the U.S. Government, including, without limitation, the USA PATRIOT ACT or Executive Order 13324. You acknowledge that you are not now, nor have you ever been, a suspected terrorist or otherwise associated directly or indirectly with terrorist activity. At any time during the Term of this Agreement, if RED DOT is prohibited from doing business with you under any anti-terrorism law enacted by the U.S. Government, then this Agreement may be terminated immediately. You further certify and warrant that neither you, nor any of your owners, principals, employees or associates (including all shareholders, members or partners (as applicable)), are (i) a person or entity designated by the U.S. Government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at http://www.ustreas.gov/offices/enforcement/ofac/sdn, with which a U.S. person or entity cannot deal with or otherwise engage in business transactions; (ii) a person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with you or your shareholders, members or partners; (iii) either wholly or partly owned or partly controlled by any person or entity on the SDN List, including, without limitation by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List; (iv) a person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or (v) a person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Agreement would be prohibited under U.S. law.

25.2.1 You shall comply with, and assist Red Dot to the fullest extent possible in Red Dot's efforts to comply with, the Anti-Terrorism Laws (as defined below). You shall not hire nor have any dealings with any person listed on the SDN List, as it may be modified from time to time. You are solely responsible for ascertaining what actions must be taken by you to comply with all Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification obligations under this Agreement pertain to your obligations under this Section 25.2. Any misrepresentation by you under this Section 25.2, or any violation of any Anti-Terrorism Laws by you, your owners, principals or employees, shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with Red Dot or its affiliates. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT ACT, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, The United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

25.3 Franchisee Representation. You represent to Red Dot, as an inducement to Red Dot's entry into this Agreement, that all statements you have made and all materials you have submitted to Red Dot in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. Red Dot has approved of your purchasing of a franchise in reliance upon all of your representations.

25.4 Entire Agreement. This Agreement, inclusive of all exhibits hereto, constitutes the entire, full and complete agreement and understanding between the parties and supersedes any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement with Red Dot. Both parties acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, "side deals", rights of first refusal, options or understandings having induced you to execute this Agreement. The Parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Except for those permitted to be made unilaterally by Red Dot 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. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations Red Dot made in the Franchise Disclosure Document Red Dot furnished to you.

THE NEXT PAGE IS THE SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

FRANCHISOR: RED DOT RESTAURANT GROUP, INC.

By:____ Print Name:__________________________________
Title:____

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION. THIS AGREEMENT CONTAINS EXPRESS WAIVERS OF (A) ANY AND ALL RIGHTS TO A JURY TRIAL, (B) ANY AND ALL RIGHTS TO PARTICIPATE IN CLASS ACTION ARIBTRATION AND/OR LAWSUITS, (C) YOUR RIGHT TO OBTAIN PUNITIVE, MULTIPLE OR EXEMPLARY DAMAGES, AND (D) YOUR RIGHT TO BRING ANY CLAIM OR ACTION LATER THAN ONE YEAR AFTER THE DISCOVERY OF THE FACTS GIVING RISE TO SUCH CLAIMS OR ACTIONS.

FRANCHISEE:

__________________________________	By:____
WITNESS	Print Name:______________________________________

EXHIBIT A TO
{Franchise Entity] FRANCHISE AGREEMENT

CONTRACT DATA
SHEET

1. Effective Date: ____

2. Approved Restaurant Location: The Franchised Restaurant will be located at (check) (a) or (b), as applicable):

_____ a. ____
____
(Street Address, City, State and Zip Code)

_____ b. The Approved Restaurant Location has not been determined as of the Effective Date of this Agreement. Franchisee shall secure the Approved Restaurant Location in accordance with the terms and conditions of the Franchise Agreement within the general area described as follows (the "Designated Area"):

____
(Indicate City, County or Area within which the Franchised Restaurant shall be located.)

If (b) above is selected, the parties shall amend this Contract Data Sheet to reflect the address of the Restaurant and the Protected Territory, once the Approved Restaurant Location is secured by Franchisee in accordance with the terms of the Franchise Agreement.

3. Protected Territory. The Protected Territory shall be comprised of the following area:
____
, as designated by Franchisor on the date your Approved Restaurant Location is approved. Franchisor will determine the Protected Territory using the mapping service and/or software or third-party program of its choice.

4. Brand Fund Contribution. Up to 3% of Gross Revenues

Initial Allocation:

Brand Ad Fund:	1%
Regional Ad Fund:	______
Local Marketing Purposes:	______

6. Grand Opening Advertising Expenditure Requirement. $25,000

7. Franchisee Information. (Check and complete as appropriate.)

□ Individual

□ Limited Liability Company

□ Corporation

Franchisee Name:____

State of Formation/Incorporation (if applicable):__________________________

Franchisee Address:____

Franchisee Telephone:____

Franchisee Email: ____

List the Full Name of Each Owner	Owner Address	Ownership Interest in Franchisee Entity (if applicable) *(List Number of Units, Shares, Percentage Interest, as applicable)*

EXHIBIT B TO
RED DOT RESTAURANT GROUP, INC. FRANCHISE AGREEMENT
PERSONAL GUARANTEE

RECITALS

A. The undersigned, [INSERT NAME] (hereinafter, the "undersigned" or "Guarantor") constitute all shareholders, members, partners, owners, spouses of owners and other persons or entities interested in effecting the grant or transfer of THE RED CHICKZ® Franchise Agreement (the "Franchise Agreement") entered into by and between Red Dot Restaurant Group, Inc. ("Franchisor") to [INSERT FRANCHISEE ENTITY] ("Franchisee") regarding the development and operation of THE RED CHICKZ® franchised restaurant at the location specified in the Franchise Agreement (the "Franchised Business");

B. Franchisor is relying on this Guarantee to ensure that there are sufficient assets to operate the franchised business and to protect Franchisor in the event Franchisee commits a default under the Franchise Agreement;

C. Franchisor is only willing to enter into the Franchise Agreement if the undersigned personally guarantee Franchisee's obligations thereunder;

1. The undersigned hereby represent and warrant that they constitute all of the owners of the Franchisee entity and their respective spouses (if applicable).

2. The undersigned individuals personally, jointly and severally, hereby agree to be individually bound by all the terms and conditions of the Franchise Agreement, including any amendments thereto, whenever made, and absolutely, irrevocably and unconditionally guarantee to Franchisor, and its successors and assigns, that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed.

3. The undersigned acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that each owner of Franchisee and each owner's spouse be personally obligated and jointly and severally liable with Franchisee (and with each other owner of Franchisee) for the performance of each and every obligation of Franchisee (and its owners) under the Franchise Agreement, any amendments to the Franchise Agreement, any extensions or renewals under the agreement and under each and every agreement ancillary to the Franchise Agreement, including any lease that has been or hereafter may be entered by Franchisee and Franchisor (all aforementioned agreements are collectively referred to as the "Red Dot Agreements"). Without limiting the generality of the foregoing, the undersigned agree specifically to be bound by the confidentiality requirements and the covenant against competition in the Franchise Agreement.

4. 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 Franchisee, or settle, adjust, or compromise any claims against Franchisee.

5. This Guarantee is effective until all terms of the Red Dot Agreements have been fully and completely performed by Franchisee. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor(s) to Franchisor hereunder.

6. Guarantor(s) jointly and severally agree(s) to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees, Brand Fund contributions, Technology Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor in enforcing this Guarantee, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court; Guarantor(s) assume all liability for all losses, costs, attorney's fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

7. The undersigned hereby waives:

(i) notice of amendment of the Red Dot Agreements and notice of demand for payment or performance by Franchisee of any obligation under the Red Dot Agreements;

(ii) presentment or protest of any instrument and notice thereof, and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of Franchisee's obligations under the Red Dot Agreements;

(iii) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;

(iv) the defense of statute of limitations in any action hereunder or for the collection or performance of any obligation;

(v) any and all rights to payments, indemnities and claims for reimbursement or subrogation that the undersigned may have against Franchisee arising from the undersigned's execution of and performance under this Guarantee;

(vi) any defense based on any irregularity or defect in the creation of any of the obligations or modification of the terms and conditions of performance thereof;

(vii) any defense based on the failure of Franchisor or any other party to take, protect, perfect or preserve any right against and/or security granted by Franchisee or any other party; and

(viii) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

8. Upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Red Dot Agreements. Without limiting the generality of the foregoing, the undersigned acknowledges that Franchisor is not required to proceed first against the Franchisee, but may proceed first against the undersigned or any of them alone or concurrent with proceeding against Franchisee. The obligations of Guarantor(s) hereunder are absolute and unconditional.

9. Governing Law; Jurisdiction; Venue.

i. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.) or other federal law, this Guarantee and any claims related thereto, shall be governed by, interpreted and construed under the laws of the state of Nevada, which laws shall prevail in the event of any conflict of law.

ii. The undersigned hereby acknowledge and agree that Las Vegas, Nevada shall be the sole and exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of, in connection with, or related to, either directly or indirectly, this Guaranty. The undersigned agrees that the undersigned are subject to personal jurisdiction in Las Vegas, Nevada, and, further agree that, in the event of litigation, they will not contest or challenge the in personam jurisdiction or venue in the United States District Court for the District of Nevada. If and only if the United States District Court for the District of Nevada lacks subject matter jurisdiction over any matter litigated under this Guarantee, then the appropriate state court located in Las Vegas, Nevada shall be the venue and exclusive proper forum for such litigation. The undersigned agree that they are subject to personal jurisdiction in the state courts in Las Vegas, Nevada and, in any litigation brought in any such court under this Guarantee, the parties agree that they will not contest or challenge the in personam jurisdiction or venue of the courts of Nevada. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

10. The undersigned hereby waive any right to trial by jury that they may have in any action brought by Franchisor related directly or indirectly to this Guarantee and/or the Red Dot Agreements, the negotiation of the Guarantee and/or the Red Dot Agreements.

11. If one or more provisions contained in this Guarantee shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

12. Each of the undersigned acknowledges that (i) it is a condition to the granting of the Franchise Agreement to Franchisee that each of the undersigned shall execute and deliver this Guarantee to Franchisor, (ii) that Franchisor has entered into the Franchise Agreement with Franchisee in reliance upon the agreement of the undersigned to do so, and (iii) that, as owners of the Franchisee, the undersigned have received adequate consideration to support their execution of this Guarantee. This Guarantee does not grant or create in the undersigned any interests, rights or privileges in the Red Dot Agreements, or any franchise or franchise agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee as of the date of the Agreement.

GUARANTORS:

Date:______________________ By: ____
Print Name:________________________, an individual

Date:______________________ By: ____
Print Name:________________________, an individual

EXHIBIT C TO
RED DOT RESTAURANT GROUP, INC's FRANCHISE
AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE is made as of the last date below written by and among _____ ("Tenant"), Red Dot Restaurant Group, Inc. ("Franchisor"), and _____________("Landlord").

WHEREAS, Tenant is the tenant under a certain lease (or sublease), dated ________ (the "Lease"), wherein Landlord leased to Tenant certain premises at ___ (the "Premises"); and

WHEREAS, Tenant and Franchisor have, or will, enter into a Franchise Agreement (the "Franchise Agreement"), whereby Franchisor will grant to Tenant the right to open and operate a franchised restaurant under Franchisor's system at the Premises; and

WHEREAS, as a condition to Franchisor entering into the Franchise Agreement, Franchisor has required that Tenant assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement; and

WHEREAS, in order to induce Franchisor to enter into the Franchise Agreement, Tenant has agreed to assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement.

NOW THEREFORE, in consideration for the foregoing premises and the mutual promises contained herein and in the Franchise Agreement, and in order to secure Tenant's obligations and Franchisor's rights under the Franchise Agreement, Tenant does hereby collaterally assign, transfer and set over unto Franchisor, with the right to reassign (as provided herein), all of its right, title and interest in and to the Lease and in and to the Premises; it being nevertheless expressly understood and agreed that this assignment is made and is consented to by the Landlord contingent upon the following terms, covenants, limitations and conditions:

1. Tenant's Right to Possession. Tenant shall retain right to possession of the Premises in accordance with the terms and conditions of the Lease until the occurrence of an Assignment Event (as defined in paragraph 2 of this Agreement).

2. Assignment Events.

2.1 Franchisor shall have the right to exercise either of the options set forth in paragraphs 2.1(i) or 2.1(ii) below upon: (a) Franchisor's declaration of a default by Tenant under the Franchise Agreement which remains uncured beyond all applicable notice and cure periods; (b) the expiration or earlier termination of the Franchise Agreement; or (c) an expression by Tenant of its desire to terminate the Lease (each an "Assignment Event"). Upon the occurrence of an Assignment Event, Franchisor shall have the option to either:

(i) assume and occupy the Premises upon written notice to Landlord and Tenant, in which event Franchisor shall be deemed to be substituted as the tenant under the Lease in the place and stead of Tenant and shall be deemed to have assumed expressly all of the terms, covenants and obligations of the Lease theretofore applicable to Tenant and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease; or

(ii) assign the Lease to an affiliate or an approved System franchisee, without obtaining Landlord's prior written consent, provided that, in the event of an assignment to a franchisee, such franchisee: (a) has a net worth equal to or greater than the net worth of Tenant at the time of Lease execution; (b) assumes all of Tenant's obligations under the Lease; and (c) completes Franchisor's initial training program to Franchisor's satisfaction.

2.2 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Tenant shall remain obligated under the Lease and Tenant shall be liable to Franchisor for all payments by Franchisor for rent and other Lease obligations. The parties acknowledge that such payments are reasonable expenses of foreclosure.

2.3 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Landlord shall not terminate or accelerate the rent owed under the Lease in connection with any such assignment, so long as Franchisor, or its franchisee, assumes, in writing, the obligations of Tenant under the Lease. Nothing in this Paragraph 2.3 shall serve to extend the term of the Lease or provide Franchisor with occupancy rights, options to renew or other rights not expressly set forth to Tenant in the Lease.

3. Agreement of Landlord.

3.1 Landlord agrees to furnish Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant.

3.2 Landlord further agrees that, if it intends to terminate the Lease, Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of any proposed termination. Franchisor shall have the right to cure, at its sole option, any such default within the time periods granted to Tenant under the Lease.

3.3 If neither Tenant or Franchisor cures all such defaults within the prescribed time periods (or such longer period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease. Landlord will promptly notify Franchisor of any expression by Tenant of its desire to terminate the Lease.

4. Right to Enter and Make Modifications to Premises. Before the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the franchise system, Franchisor's proprietary marks and system, or to cure any default under the Franchise Agreement entered into by Franchisor and Tenant, or any affiliate of Tenant. Landlord

and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

5. Notices. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provide that the sender confirm the facsimile, telegram or telex by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If to Franchisor:

RED DOT RESTAURANT GROUP, INC.
107 EAST CHARLESTON, 242
CLARK COUNTY, NV 89104

With a copy to: FisherZucker, LLC
21 South 21st Street
Philadelphia, PA 19103

If to Tenant:

If to Landlord:

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

6. No Material Modification of Lease. Landlord and Tenant will not amend, renew, extend or otherwise modify the Lease in any manner which would materially affect any of the foregoing provisions without Franchisor's prior written consent.

7. Acknowledgment. The parties hereby acknowledge and agree that, so long as Franchisor shall not have exercised its option to take possession of the Premises under this Agreement, Franchisor shall not be liable for rent or any other obligations under the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Collateral Assignment of Lease this _____day of _, ______.

ASSIGNOR:

____________________________________ By:____
WITNESS Print Name:________________________________
Title:______________________________________

FRANCHISOR:
RED DOT RESTAURANT GROUP, INC.

____________________________________ By:____
WITNESS Print Name:________________________________
Title:______________________________________

LANDLORD:

____________________________________ By:____
WITNESS Print Name:________________________________
Title:______________________________________

EXHIBIT D TO
RED DOT RESTAURANT GROUP, INC. FRANCHISE
AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

This Conditional Assignment of Telephone Numbers and Listings (the "Assignment") is entered into this _____ day of _____________, 20___ ("Effective Date") in accordance with the terms of the Franchise Agreement ("Franchise Agreement") between RED DOT RESTAURANT GROUP, INC. ("Franchisor") and [INSERT FRANCHISEE] ("Franchisee"), executed concurrently with this Assignment and under which Franchisor granted Franchisee the right to own and operate THE RED CHICKZ ® Restaurant located at _________________________ (the "Restaurant").

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, Franchisee hereby agrees as follows:

1. Conditional Assignment of Listings. Franchisee hereby conditionally assigns to Franchisor all of Franchisee's right, title and interest in and to (a) all telephone numbers and regular yellow pages, special, classified and other telephone directory listings used at any time in connection with the operation of the Restaurant; and (b) any and all website and social media addresses and accounts, including, without limitation, Facebook®, TikTok, Twitter®; LinkedIn®, and any other account that contains any term or any mark the same as or similar to any of Franchisor's trademarks (individually and collectively, the "Listings").

2. No Liability. This Assignment is for collateral purposes only, and except as expressly provided herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless and until Franchisor notifies the telephone company, listing agency and/or webmaster/webhost (each a "Listing Agency"), as applicable.

3. Effectiveness of Assignment. This Assignment will become effective automatically upon expiration (provided that Franchisee has not obtained a Successor Franchise Agreement) or the earlier termination of the Franchise Agreement. Upon the occurrence of that condition, Franchisee must do all things required by the applicable Listing Agency to assure the effectiveness of the assignment set forth herein as if the Franchisor had been originally issued the Listings, and the usage thereof.

4. Responsibility of Franchisee. Franchisee agrees to pay the Listing Agencies on or before the effective date of assignment all amounts owed for the use of Listing(s). Franchisee further agrees to indemnify Franchisor for any sums Franchisor must pay any Listing Agency to effectuate this assignment, and agrees to fully cooperate with the Listing Agency and Franchisor in effectuating this assignment.

5. Franchisee Acknowledgments. Franchisee agrees and acknowledges that as between Franchisor and Franchisee, Franchisor shall have the sole right to and interest in and to the Listings upon termination or expiration of the Franchise Agreement. Franchisee appoints Franchisor as Franchisee's true and lawful attorney- in-fact to direct the Listing Agency to assign same to Franchisor and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event Franchisee shall immediately instruct the applicable Listing Agency to assign the applicable Listing to Franchisor, and /or to assign the Listing account to Franchisor. If Franchisee fails to promptly do so, Franchisor shall direct the appropriate parties to effectuate the assignment contemplated hereunder to Franchisor.

6. Attorney in Fact. The parties agree that the Listing Agency may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings and that such assignment shall be made automatically and effective immediately upon the Listing Agency's receipt of notice from Franchisor or Franchisee. The parties further agree that if the Listing Agency requires that the parties execute an assignment form or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Assignment as of the date of the Franchise Agreement.

ASSIGNOR:

By:___________________________________
Print Name: ___________________________
Title:_________________________________

ASSIGNEE:

By:___________________________________
Print Name: ___________________________
Title:_________________________________

EXHIBIT E TO
RED DOT RESTAURANT GROUP, INC. FRANCHISE
AGREEMENT

[To be completed if Franchisee signs the Franchise Agreement as individual and subsequently forms legal entity to operate the Franchised Restaurant.]

ASSIGNMENT & ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into this ____ day of __________, ______, by and between RED DOT RESTAURANT GROUP, INC. ("Franchisor"), [insert name of individual franchisee] ("Assignor") and [insert name of corporation or limited liability company], an entity owned and controlled by Assignor with an address at ___________________________________.

BACKGROUND

A. Franchisor and Assignor entered into a certain Franchise Agreement dated [insert date of Franchise Agreement] (the "Franchise Agreement") whereby Assignor was granted the right and undertook the obligation to operate The Red Chickz ® restaurant at the location identified in the Franchise Agreement (the "Franchised Business");

B. Assignor has formed Assignee for the convenience and purpose of owning and operating the Franchised Business;

C. Assignor desires to assign his or her rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement; and

D. Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Assignment, including without limitation, Assignor's agreement to guarantee the performance by Assignee of its obligations under the Franchise Agreement and to continue to be bound by all of the provisions of the Franchise Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignor hereby assigns and transfers over to Assignee all of his or her rights, title and interest in and to the Franchise Agreement, effective as of the date of this Assignment.

2. Assignee hereby assumes all of Assignor's obligations, assignments, commitments, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, assignments, commitments and duties of the franchisee under the Franchise Agreement with the same force and effect as if the Franchise Agreement were originally written with Assignee as franchisee.

3. Assignor agrees that Assignor shall continue to be bound by all of the terms and conditions of the Franchise Agreement, including, without limitation, all non-competition, confidentiality and indemnification obligations, and that nothing contained in this Assignment herein

shall be deemed to relieve Assignor of any of Assignor's obligations contained in the Franchise Agreement. Assignor further agrees to, and by this instrument does hereby, guarantee the performance by Assignee of all of its obligations, commitments, duties and liabilities under the Franchise Agreement.

3.1 Without limiting the foregoing, Assignor irrevocably and unconditionally guarantees to Franchisor (i) that Assignee will pay all amounts to be paid and otherwise comply with all provisions of the Franchise Agreement and any other agreement between Assignor and Franchisor or its affiliates concerning the operation of the Franchised Business, and (ii) that if Assignee defaults in making any such payments or complying with any such provisions, Assignor shall pay forthwith upon demand all amounts due and owing Franchisor and all damages that may arise as a result of any such non-compliance.

4. In the enforcement of any of its rights against Assignor, Franchisor may proceed as if Assignor was the primary obligor under the Franchise Agreement. Assignor waives any right to require Franchisor to first proceed against Assignee or to proceed against or exhaust any security (if any) held by Franchisor or to pursue any other remedy available to it before proceeding against Assignor. No dealing between Franchisor and Assignee shall exonerate, release, discharge or in any way reduce the obligations of Assignor hereunder, in whole or in part, and in particular and without limiting the generality of the foregoing, Franchisor may modify or amend the Franchise Agreement, grant any indulgence, release, postponement or extension of time, waive any term or condition of the Franchise Agreement, or any obligation of Assignee, take or release any securities or other guarantees for the performance by Assignee of any of its obligations, and otherwise deal with Assignee as Franchisor may see fit without affecting, lessening or limiting in any way the liability of Assignor. Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or other act of insolvency by Assignee and notwithstanding any rejection, disaffirmance or disclaimer of this Assignment or the Franchise Agreement, Assignor shall continue to be fully liable.

5. Release. Upon execution of this Assignment, each Assignor, for himself/herself and all persons and entities claiming by, through or under any of either of them, hereby releases, acquits, and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, franchisees, licensees, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which either Assignor, by himself/herself or on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had, or might claim to have against the Franchisor Releasees that accrued prior to the date this Assignment is fully executed, including those arising out of or related to: (i) the offer, sale, operation and/or transfer of the Franchised Business and any other franchise granted by Franchisor as of the date of this Agreement; (ii) the Franchise Agreement and any other contract/agreement entered into between any Assignor and any Franchisor Releasee, as well as the parties' respective rights or obligations in connection with such agreements; and (iii) any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. Each Assignor warrants and represents that it has not assigned or otherwise transferred any claim or cause of action released by this Assignment. Each Assignor further warrants and represents that it will not sue, or assist or cooperate with any third party in any third-party action against, any Franchisor Releasee arising out of or related to the claims released under this Section.

6. This Assignment shall be construed and interpreted in accordance with the laws of the State of Nevada, which laws shall control in the event of any conflict of law.

7. This Assignment shall be binding and inure to the benefit of the parties and their respective heirs, successors and assigns.

8. Assignor and Assignee acknowledge and agree that they are bound by the dispute resolution provisions of the Franchise Agreement. Assignor and Assignee further agree that they have and will continue to have a substantial relationship with Franchisor at its offices in Las Vegas, Nevada and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction as set forth below, any action by or against them arising out of or relating to this Assignment shall be commenced, litigated and concluded only in any state or federal court of general jurisdiction in Las Vegas, Nevada. Assignor and Assignee agree that Nevada represents the most convenient forum for the parties to litigate any disputes between them. Accordingly, Assignor and Assignee irrevocably submit to the jurisdiction of such court and waive any objection they may have to either the jurisdiction or venue of such court. Assignor and Assignee further waive any objection that such court is an inconvenient forum. Franchisor shall have the option, at its sole discretion, of bringing any action seeking equitable relief to enforce the terms of this Assignment in any court of competent jurisdiction in order to prevent real or threatened harm, and Assignor and Assignee consent to the entry of injunctive relief, including, without limitation, temporary restraining orders and/or preliminary and permanent injunctions without the requirement of bond, according to the usual equity rules in the jurisdiction in which such relief is sought.

9. The Franchise Agreement, including all Exhibits and Amendments thereto, and this Assignment shall constitute the entire integrated assignment between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

10. In the event that it becomes necessary for Franchisor to retain the services of legal counsel to enforce the terms of this Assignment, Franchisor shall be entitled to recover all costs and expenses, including reasonable attorneys', expert and investigative fees, incurred in enforcing the terms of this Assignment.

11. Each party declares that the terms of this Assignment have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain, and confer with counsel. This Assignment is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not contained in this Assignment.

12. The persons executing this Assignment on behalf of Assignee acknowledge their authority to do so.

13. The obligations of Assignor and Assignee under this Assignment are joint and several.

[The next page is the signature page.]

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

IN WITNESS WHEREOF, the undersigned have affixed their signatures hereto as of the day and date first above written.

ASSIGNOR:

____________________	BY:____________________________
ATTEST	Title:____________________________

ASSIGNEE:

____________________	BY:____________________________
ATTEST	Title:____________________________

FRANCHISOR:
RED DOT RESTAURANT GROUP, INC.

By:_________________________ Print
Name:___________________
Title:_________________________

EXHIBIT F TO
RED DOT RESTAURANT GROUP, INC FRANCHISE
AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(To be completed by persons attending Franchisor's initial training program, and Franchisee's officers, directors, general partners, members and managers, as applicable)

I, ___________________________ [Insert Individual Names] acknowledge that I am employed by or serve as an independent contractor to ___________________________[INSERT FRANCHISEE ENTITY] (the "Franchisee"). In consideration of being granted permission to attend the Red Dot initial training program (the "Red Dot Training") conducted by RED DOT RESTAURANT GROUP, INC. ("Franchisor"), the franchisor of the Red Dot franchise system (the "System"), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be bound hereby, I hereby acknowledge and agree that:

1. Franchisor has developed and owns a proprietary franchise system relating to the establishment and operation of fast casual restaurants offering Nashville hot chicken served with "comeback sauce". The menu also includes sandwiches, wings, tenders, shrimp and side items such as coleslaw, potato wedges, cheese curds and pickle slices along with beverages for dine- in, take out, delivery and catering consumption, under Franchisor's designated marks ("System Restaurants").

2. I understand that Franchisee, my employer (or contractor), has acquired the right and license from Franchisor to operate a System Restaurant (the "Restaurant") as an independently owned and operated franchised location. I understand that Franchisor is not my employer and does not have any direct or indirect control over my employment (or contract, if applicable).

3. I understand that through my attendance and participation in the Red Dot Training, I will be exposed to Franchisor's confidential and proprietary information, including the "Confidential Information" (as defined below), relating to the System and the establishment and operation of the Restaurant.

4. For purposes of this Agreement, "Confidential Information" means information, knowledge, know-how and techniques related to the Restaurant, Franchisor, Franchisee, the products Franchisee or Franchisor sells, the System Restaurants, the System, which is communicated to me or learned by me in the course of the Red Dot Training, and working for Franchisee, including, without limitation, information of a confidential and proprietary nature concerning the operations of Franchisee, or Franchisor, as well as any product pricing information provided to Franchisee by Franchisor or its suppliers and vendors.

4.1 Confidential Information shall not include any information that (i) is or becomes available to the public other than as a consequence of a breach by a person of any fiduciary duty or obligation of confidentiality; or (ii) is disclosed as required by a final, unappealable court order and no suitable protective order, or equivalent remedy, is available, or (iii) I was aware of prior to its disclosure to me in the course and scope of my employment with Franchisee from a source not bound by a confidential obligation.

4.2 Because I am an employee and/or independent contractor of Franchisee, Franchisor and Franchisee may disclose the Confidential Information to me in connection with my attendance and participation in the Red Dot Training and as otherwise furnished to me in subsequent, ongoing training, and for general assistance and instruction during my employment/term of contracting with Franchisee.

4.3 I will not acquire any interest in the Confidential Information, other than the right to utilize it in on behalf of Franchisee in its the operation of the Restaurant, and the use or duplication of the Confidential Information for any use other than on behalf of the Franchisee in its operation of the Restaurant, would constitute an unfair method of competition.

4.4 The Confidential Information is non-public, proprietary, involves trade secrets of the Franchisee and Franchisor and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in confidence all Confidential Information and all other information designated by Franchisee and/or Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties to Franchisee, and will continue not to disclose any such information even after I cease employment and will not use any Confidential Information even after I cease employment.

5. Non-Competition Covenants. Except as otherwise approved in writing by Franchisor and Franchisee or on behalf of or in connection with a System Restaurant, I shall not:

5.1 while in the employment of the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any Competing Business (as defined below); or

5.2 for a period of two years following the date on which I cease to be employed by Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own maintain, engage in, be employed by, or have any interest in any Competing Business, which business is located (a) at the Restaurant location; or (b) within a 25-mile radius of the Restaurant location, or within a 25-mile radius of any other System Restaurant in existence or under construction as of the date I cease to be employed by Franchisee.

For purposes of this Agreement, the term "Competing Business" means any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business: (a) offering or selling menu items of the type offered by *The Red Chickz®* restaurants; or (b) marketing itself as a dine-in, casual or quick service chicken restaurant. The term Competitive Business shall not include other Restaurants operated by me or any other person pursuant to a valid, binding franchise agreement by and between me and/or such other person, and Red Dot.

I 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 Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor or Franchisee is a party, I expressly agree 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 Agreement.

I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

6. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement may cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

7. In the event of a dispute between the parties arising under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs. Any controversy, claim or dispute arising out of or relating to this Agreement, either during the existence of the employment relationship or afterwards, between the parties hereto, shall be litigated solely in state or federal court in or for Nevada. Due to the importance of this Agreement to the Franchisee and Franchisor, I agree that any claim I have against the Franchisee or Franchisor is a separate matter, and does not entitle me to violate, or justify any violation of this Agreement, and must be raised in a separate lawsuit or claim.

8. This Agreement shall be construed under the laws of the State where the Restaurant is located. The only way this Agreement can be changed is in writing signed by both the Franchisee and me and approved, in writing, by Franchisor.

[INSERT POSITION]

______________________________	______________________________
Witness	Name:___________________________

EXHIBIT G TO
RED DOT RESTAURANT GROUP, INC. FRANCHISE
AGREEMENT
ELECTRONIC FUNDS TRANSFER FORM

Franchisee Name: ________________________________ Restaurant #:_______________
Address:____
Contact Name, Address, and Phone Number:
____
____

Employer Identification Number (if applicable): _____________________________________
Principal's Name and Social Security Number:_______________________________________

Franchisee's Bank Account Information

Bank Name, Branch and Address:____
____
Bank Account Number:_____________________________ Bank
Routing Number:_________________________________ Bank
Phone Number:_______________________________
Type of Account (Check One): _____Savings Account _____Checking Account

Payment
Authorization:
Franchisee hereby authorizes [Franchise Entity] (hereinafter "Payee"), any financial institution acting on behalf of Payee (hereinafter "Payee's Bank"), and Franchisee's financial institution which is identified above (hereinafter "Franchisee's Bank") to initiate withdraws from the Bank Account indicated on this form, and hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on the days(s) of the week set forth in the Franchise Agreement by and between Payee and Franchisee, and any other agreement Franchisee signs that authorizes Payee or its affiliate to debit Franchisee's account for the fees, which may be modified by Payee, for the payment of royalty fees, brand fund contributions, technology fees, and any other fees, charges or debits payable to Payee or its affiliates for any services Payee provides or facilitates. Franchisee agrees to sign such additional documents as may be reasonably requested by Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until Payee has received written notification from Franchisee in such time and manner as to afford Payee and the Bank to act on such notice. Franchisee understands that the termination of this authorization does not relieve Franchisee of its obligations to make payments to Payee. Payee may assign its rights and obligations under this EFT Authorization to Payee's affiliates or agents. Payee may change its designated affiliates or agents at Payee's discretion.

The Franchisee acknowledges that Payee, Payee's Bank and Franchisee's Bank must comply with the National Automated Clearing House Association rules. Payee, Payee's Bank and Franchisee's Bank are authorized to make any necessary debits or credits to correct duplicate or erroneous entries. The Franchisee hereby agrees to hold Payee, Payee's Bank, Franchisee's Bank and their agents, successors and assigns harmless from all direct, indirect, special or consequential damages and/or all losses, costs, claims or expenses arising out of or related to the use of this automatic payment service.

This authorization is effective as of the date indicated below and shall remain in full force until the expiration or earlier termination of the Franchise Agreement. The automatic payment process is subject to modification or cancellation at any time by Payee without notice to the Franchisee. This agreement shall be governed by the laws of the State of Nevada.

NOTE: A separate Authorization Agreement is required for each bank account, even if all accounts are within the same banking institution. Please attach a voided check or deposit slip to this authorization.

EXHIBIT H TO
RED DOT RESTAURANT GROUP, INC. FRANCHISE
AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into, this ____ day of _________, ____ , by and between at ____ (Debtor), and [Franchise Entity] Secured Party), whose address is ________________.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party a first priority security interest in all of the property owned by Debtor, as described in Schedule I and the Property presently located at or intended to be located at Debtor's restaurant located at: ____________________________

____

____

______________________________ (the Premises) and/or elsewhere and used and/or intended to be used and/or consumed in connection with the operation of THE RED CHICKZ ® Restaurant at the Premises, together with all after-acquired property of the same general class and description and the proceeds of all property encumbered hereby (The Collateral).

TO SECURE:

(a) Performance of each agreement of Debtor contained in that certain Franchise Agreement between Debtor and Secured Party, dated ____________ (the Franchise Agreement); and

(b) The repayment of all sums and amounts that may be advanced or expended by Secured Party for the maintenance and preservation of the Collateral or any part thereof or the enforcement of any rights of Secured Party hereunder; and

(C) Performance of each agreement of Debtor contained herein.

DEBTOR WARRANTS AND AGREES:

1. Except for the security interest granted hereby, Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, and Debtor will defend against all claims and demands of all persons at any time claiming the same or an interest therein.

2. No Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. Debtor hereby authorizes Secured Party to execute, on behalf of both Debtor and Secured Party, one or more Financing Statements, pursuant to the Uniform Commercial Code, in form satisfactory to Secured Party, and to file or record same

in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable and Debtor agrees to pay the cost of filing or recording the same.

3. To do all acts which may be necessary to maintain, preserve and protect the Collateral, not to commit or permit any waste thereof, and to maintain the Collateral in good order, repair and condition, reasonable wear and tear excepted.

4. Not to remove any of the Collateral from the Premises, except for the purpose of repair or replacement with other articles of substantially similar quality and value, which will not be subject to any lien, encumbrances or interests in others, except for purchase money security interests and the security interest granted hereby, and to permit Secured Party to inspect the Collateral at any time. Notwithstanding the above, Debtor may sell the inventory secured hereby in the ordinary course of its business.

5. Except as provided in Section 4 above, not to sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.

6. To pay before delinquency, all taxes, assessments and liens now or hereafter imposed on the Collateral, and to maintain in force at all times, fire and other insurance policies (including all risk, and earthquake insurance) on the Collateral.

7. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral, Secured Party being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to take possession of the Collateral or any part thereof and to pay, purchase, contest or compromise any security interest, encumbrance, charge or lien which, in the judgment of Secured Party, appears to be prior or superior to or to jeopardize the security interest granted hereby, and in exercising any such powers and authority to incur necessary expenses, including attorneys' fees. Debtor hereby agrees to repay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this paragraph.

8. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

(a) Default by Debtor in the payment of any or all of the indebtedness, obligations or liabilities secured hereby beyond the applicable cure periods, or failure by Debtor to perform any agreement herein contained or secured hereby.

9. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all indebtednesses, obligations and liabilities secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code and may proceed to foreclose the security interest created hereby according to law, and may, at its option, and it is hereby empowered, with or without foreclosure action, to enter upon the Premises or any other premises where the Collateral or any part thereof may be and take possession thereof and remove the Collateral or any part thereof. In addition, Secured Party may require and Debtor agrees to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonable convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown above at least ten (10) days

before the time of the sale or disposition. The Collateral may be sold in one or more lots and at one or more sales, which may be held on different days and need not be held within view of the Collateral being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs and expenses paid or incurred in the taking, removal, holding, preparing for sale or sales of the Collateral, including any reasonable attorneys' fees and legal expenses incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured party upon the indebtednesses, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same.

(a) Secured Party, at its option, shall have the right to commence any action or proceeding against a third party or appear in or defend any action or proceeding brought by a third party purporting to affect the rights, duties or liabilities of the parties hereto, including, without limiting the generality of the foregoing, an action to foreclose the security interest created hereby, and in connection therewith to incur costs, expenses and attorneys' fees in any such action or proceeding in which the Secured Party shall appear, all of which costs, expenses and attorneys' fees will be paid or reimbursed to Secured Party by Debtor.

(b) In the event of any default hereunder, Secured Party shall be entitled, without notice and without regard to the adequacy of the Collateral and of any other security for the indebtedness hereby secured, to the appointment of a receiver to take possession of all or any part of the Collateral and to exercise such powers as the Court shall confer upon him.

(c) At any public sale or sales made under this Section 9 or authorized herein or by laws, or at any sale or sales made upon judicial foreclosure of this security interest, Secured Party (or its representative) may bid for and purchase any Collateral being sold and, in the event of such purchase, shall hold such property thereafter discharged of all rights of redemption.

10. Secured Party shall be entitled to enforce any indebtedness, obligation or liability secured hereby and to exercise all rights and powers hereby conferred, although some or all of the indebtedness, obligations and liabilities secured hereby are now or shall hereafter be otherwise secured. Debtor's acceptance of this Agreement shall not affect or prejudice Secured Party's right to realize upon or enforce any other security now or hereafter held by Secured Party, and Secured Party shall be entitled to exercise all rights of set-off to the same effect and in the same manner as if this security interest had not been given.

11. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of damages, its cost of suit and, not as damages, a reasonable attorneys' fee to be fixed by the Court.

12. The words Secured Party and Debtor, as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns, respectively, of Secured Party and Debtor. This Agreement shall bind and inure to the benefit of such third persons. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. All references herein to the Uniform Commercial Code means the Uniform Commercial Code as adopted by the State in which Secured Party's principal place of business is located.

THE UNDERSIGNED DEBTOR HEREBY SPECIFICALLY CERTIFIES THAT HE HAS READ AND UNDERSTANDS THIS SECURITY AGREEMENT.

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

Secured Party:
RED DOT RESTAURANT GROUP, INC.

By:________________________________ Print
Name:_________________________
Title:_______________________________ Date:

Franchisee:

By:________________________________ Print
Name:_________________________
Title:_______________________________ Date:

SCHEDULE I

All leasehold improvements, furniture, fixtures, appliances, tools, equipment, cash registers, goods, inventories, and allied products, and finished goods and materials, now owned or hereafter at any time acquired by Debtor, and all accessories, parts, repossessions, and returns thereto or therefore; all accounts, general tangibles, chattel paper, documents, instruments, (whether negotiable or non-negotiable), deposit accounts, money, contract rights and rights to payment of every kind, now existing and hereafter arising; and all proceeds (including proceeds of insurance policies on the Collateral), products, additions, accessions, replacements and substitutions for and of such Collateral.

EXHIBIT C TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

THE RED CHICKZ

Nashville Hot Chicken

Area Development Agreement

Edition: 2025

Table of Contents

Section **Page**

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (the "Agreement') is made and entered into on the day of____________ , 202___ ("Effective Date") by and between: (a) RED DOT RESTAURANT GROUP, INC., a Nevada corporation, with its principal place of business at 107 East Charleston, 242 Clark County, NV 89104 ("Red Dot", "we", "us", "our", "Franchisor"), and (b) ____________, a ___________with its principal place of business at ________ ("Developer", "you", "your").

BACKGROUND

A. Red Dot, as the result of the expenditure of time, skill, effort and money, owns and continues to develop a franchise system (the "System") involving the establishment and operation of fast casual restaurants offering Nashville hot chicken served with "comeback sauce". The menu also includes sandwiches, wings, tenders, shrimp and side items such as coleslaw, potato wedges, cheese curds and pickle slices along with beverages for dine-in, take out, delivery and catering consumption, under Franchisor's designated marks (each a "Restaurant").

B. The characteristics of the System include, without limitation sales and operating methods; interior and exterior design; décor; layout; fixtures and furnishings; recipes; food preparation and presentation techniques; customer service and development techniques; procedures for inventory and management control; uniform standards and procedures for efficient business operations; training and assistance; marketing programs; menu items and pricing; all of which may be changed, improved and further developed from time to time by Red Dot.

C. Red Dot identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark **THE RED CHICKZ®, Hotter Than You®** and The Red Chickz logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by RED DOT in writing for use in connection with the System (the "Proprietary Marks" or "Marks").

D. Developer has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and has had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

E. Developer has expressed an interest in obtaining the right to open multiple Restaurants within a specific geographic area, and Red Dot is willing to grant such right upon the terms and conditions set forth in this Agreement.

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

AGREEMENT

1. APPOINTMENT, DEVELOPMENT TERRITORY AND MINIMUM DEVELOPMENT OBLIGATION

1.1 Development Area

Subject to your strict compliance with the terms and conditions of this Agreement, we grant to you, and you accept, the right during the term of this Agreement to open and operate the number of Restaurants designated in **Exhibit A** within the "Development Area" described in **Exhibit A**. All of your Restaurants must be located within the Development Area. Except as otherwise set forth in this Agreement, including, without limitation, as set forth in Section 1.4 below, for so long as you are in compliance with your obligations under this Agreement, we will not open or operate, and will not license any other person or entity the right to open or operate, one or more Restaurants within the Development Area.

This grant is upon the terms and subject to the conditions of this Agreement. You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area, and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Restaurants shall be provided pursuant to the applicable Franchise Agreement between you and us for each Restaurant you are required to open under this Agreement.

1.2 Minimum Development Obligations

1.2.1 You must comply with the terms and conditions of this Agreement and you must comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Restaurant you are required to develop under this Agreement on or before the lease execution deadline set forth in **Exhibit A** attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Restaurant you are required to develop under this Agreement on or before the opening deadline set forth in **Exhibit A** attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Area, not less than the cumulative number of Restaurants identified in **Exhibit A** to this Agreement; (collectively, "the Minimum Development Obligation").

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.

1.2.2 For each Restaurant you are required to develop under this Agreement, you shall enter into our then-current form of Franchise Agreement within the time periods set forth in this Agreement. In consideration of your pre-payment of the Initial Franchise Fees upon execution of this Agreement, you shall not be required to pay any initial franchise fees under any of the Franchise Agreements you execute pursuant to this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Restaurant you are required to open under this Agreement (each a "Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the franchise disclosure document you received prior to entering into this Agreement. You also acknowledge and agree that the estimated initial investment figures presented in the Franchise Disclosure Document you received prior to entering into this Agreement are estimates only and are subject to modification, including increases related to modifications to specifications and requirements to develop Restaurants. You shall designate one (1) individual who shall be designated in **Exhibit A** attached hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Restaurants pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments.

1.2.3 You have no right to sublicense or subfranchise your rights under this Agreement.

1.3 Force Majeure

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of you to construct or operate Restaurants in the Development Area, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six months, we may terminate this Agreement upon written notice to you.

1.4 Reservation of Rights

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Restaurants anywhere outside of the Development Area as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use the Marks in any manner by virtue of this Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Restaurant or use the System or the Marks. Without limiting the foregoing, we reserve all rights to do anything within the Development Area, including, without limitation, the following: (i) offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of the Development Area; (ii) manufacture, distribute, offer and sell, and authorize others to manufacture, distribute, offer and sell, any goods and/or services in, at or from any location, including any location within the Development Area either: (a) through alternative channels of distribution, including sales on the Internet, through kiosk locations, through print and online catalogs, and in retail locations; or (b) under any names or trademarks other than the Marks. For the purposes of this provision, alternative channels of distribution include any channels not explicitly authorized for use by Developer under any franchise agreement executed pursuant to this Agreement; (iii) merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of Franchisor or Developer (each an "M&A Transaction"), and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with Restaurants developed by Developer under this Agreement regardless of where the business is located and to permit the business to operate under the Marks or any other name; (iv) use the Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through retail stores and via the internet, without regard to location; (v) develop, or become associated with, other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Development Area; and (vi) use and license to engage in any other activities not expressly prohibited in this Agreement. In the event of an M&A Transaction, Franchisor has the right to require you to convert the Restaurants developed pursuant to this Agreement to a different name and Developer hereby agrees to: (a) participate, at Developer's expense in any such conversion; and (b) waive any and all claims, demands or damages arising from or related to the loss of the Mark, the System or any association or affiliation with the Marks or the System.

1.5 Non-Public Access Venues. We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Restaurants located in Non-Public Access Venues, including within the Development Area. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, airports, train stations, private clubs, and other Restaurants that are not accessible to the general public.

2. DEVELOPMENT FEE

You shall pay to us a "Development Fee" in the amount set forth in **Exhibit A**. You must pay the Development Fee in full upon execution of this Agreement. Development Fee is paid to us in consideration of the rights we grant you pursuant to this Agreement. Accordingly, the Development Fee is deemed fully earned by us upon execution of this Agreement and is non- refundable, even if you fail to develop one or more of the Restaurants.

3. RESTAURANT SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES

3.1 Restaurant Site Selection. You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Restaurant you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution Deadline. You must advise us in writing of your proposed site for each Restaurant and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Area. Our prior approval is required in writing for each Restaurant location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other System Restaurants), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Restaurant you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you shall, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

3.2 Lease Approval/Execution Procedures

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Restaurant you are required to develop under this Agreement **before you sign the lease for such Restaurant**. You must cause your landlord to include the provisions we require in your lease agreement for each Restaurant. For each Restaurant you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Collateral Assignment of Lease. The Collateral Assignment of the Lease includes important provisions that protect our interests. If your landlord refuses to sign the Collateral Assignment of the Lease in the form we require, we have the right to reject your proposed site for the applicable Restaurant.

3.2.2 Each lease for each Restaurant must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. At all times during the term of this Agreement, you will promptly pay all rents and charges required by the lease for the Restaurant and shall not be in default under the terms of the lease. You are required to provide us with a copy of your fully executed lease for each Restaurant immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Restaurant.

3.3 Franchise Agreement Execution Requirements.

For each Restaurant you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the franchise disclosure document provided to you prior to your execution of this Agreement, no later than the earlier to occur of (a) the date you execute the lease agreement for the Restaurant; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Restaurant that is the subject of such Franchise Agreement.

4. RELATIONSHIP OF PARTIES

4.1 Relationship of Parties

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person’s background, experience, character and immigration status. You shall provide written notification to each person you intent to hire as an employee advising such person that the Franchisor is not their employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

5. TERM AND TERMINATION

5.1 Term

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Restaurant you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Restaurant you are required to open under this Agreement. You do not have any right to renew this Agreement.

5.2 Termination

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement. Each of the following events shall be deemed a "Material Default" under this Agreement:

(a) Your failure to meet any of your Minimum Development Obligations.

(b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or System.

(c) The termination of any Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.

(d) If you or any Developer Affiliate commits a default under any Franchise Agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.

(e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

(f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You shall not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

5.3 Effect of Termination

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between you and us which is in full force and effect. You acknowledge that during and after the expiration or earlier termination of this Agreement, we may open and operate, and license others the right to open and operate one or more Restaurants anywhere in the Development Area, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

6. TRANSFER AND SUCCESSION

6.1 Assignment by Us

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

6.2 Assignment by You

Your rights and obligations under this Agreement are personal to you and are not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your principal officers or partners who will actively and substantially participate in the development and operation of the Restaurants you are required to develop under this Agreement.

7. COVENANTS: NON COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS

7.1 Non-Compete

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

(b) divert, or attempt to divert any present or prospective business or customer of any 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 Marks and the System.

For purposes of this Agreement, the term "Competitive Business" any business operating or granting franchises or licenses to others to operate a restaurant (a) offering or selling menu items of the type offered by Restaurants; or (b) marketing itself as a dine-in, casual or quick service chicken restaurant; provided, however, that this Section does not apply to Franchisee's operation of any other Restaurant pursuant to a license or franchise agreement with Franchisor.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a twenty-five (25) mile radius of any Restaurant in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

7.1.3 You acknowledge and agree that the restricted periods set forth in Section 7.1 (inclusive of all subparts) shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

7.1.4 If for any reason, any provision of any of the covenants not to compete set forth in Section 7.1 (inclusive of all subparts) is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7.1.5 You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

7.2 Communication of Information

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the System or the operation of the Restaurants. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the System or Restaurants operating under the System during the Term of this Agreement or thereafter.

7.3 You to Cease Using Names and Marks

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

7.4 Compliance with Applicable Laws

You shall, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for your Restaurants, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

8. DISPUTE RESOLUTION

8.1 Mediation

8.1.1 The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Developer Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

8.1.2 Mediation will be conducted in Las Vegas, Nevada (or, if Franchisor's corporate headquarters is no longer in Las Vegas, Nevada, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

8.1.3 The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

8.2 Arbitration

8.2.1 Except as qualified below and in Section 8.3, and if not resolved by the negotiation and mediation procedures set forth in Section 8.1, any dispute, controversy or claim between Developer and/or a Developer Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Area, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for any Restaurant, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

8.2.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Las Vegas (or, if our corporate headquarters is no longer in Las Vegas, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Nevada.

8.2.3 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

8.2.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

8.2.5 The arbitrator shall have subpoena powers limited only by the laws of the State of Nevada. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Nevada. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Nevada.

8.2.6 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

8.2.7 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

8.2.8 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

8.3 Exceptions to Arbitration

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or;

(c) any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

9. MISCELLANEOUS PROVISIONS

9.1 Choice of Law and Venue; Limitation of Claims; Jury Trial Waiver; Class Action Waiver; Waiver of Damages

9.1.1 You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement shall take effect upon its acceptance and execution by Franchisor. All matters relating to mediation or arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et. seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and Developer, and any of Developer's owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of Nevada, without regard to principles of conflicts of laws.

9.1.2 In the event the arbitration clause set forth in Section 8.2 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the District of Nevada (or, if our corporate headquarters is no longer in Las Vegas, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the State Superior Court in Las Vegas (or, if our corporate headquarters is no longer in Las Vegas, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Developer acknowledges and agrees that this Agreement has been entered into in the State of Nevada and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Developer acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System.

9.1.3 Except for claims arising from your non-payment or underpayment of amounts you owe to us, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff. You hereby acknowledge and agree that you may not maintain any action against us or any of our principals, officers, directors, agents, employees, parents, subsidiaries, affiliates, successors or assigns (each a "Red Dot Related Party") unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures set forth in this Agreement, and (c) you file an arbitration within one (1) year after the notice is delivered.

9.1.4 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in this Agreement is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

9.1.5 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify us pursuant to any provision of this Agreement, or (b) any claims we bring against you and/or your guarantors and/or your owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your confidentiality or non-competition covenants under this Agreement, and/or any cause of action under the Lanham Act, and we shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

9.1.6 The parties hereto and each of them EXPRESSLY AGREE THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that we may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

9.1.7 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you (or any of your owners or guarantors), on the one hand, and us or any RED DOT Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class- wide, associational or collective basis.

9.2 Enforcement

9.2.1 Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

9.2.2 We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

9.3 Relationship between the Parties

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You shall file your own tax, regulatory and payroll reports with respect to your employees and operations.

9.4 Your Indemnification

9.4.1 You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

9.4.2 You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

9.5 Waiver and Delay

9.5.1 The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

(a) Wavier by us of any breach or series of breaches or defaults in your performance;

(b) Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between us and you, or

(c) Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Restaurants.

9.6 Survival of Covenants

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.7 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

9.8 Joint and Several Liability. If Developer is made up of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

9.9 Agreements with Other Developers. Developer acknowledges that other THE RED CHICKZ® franchisees and/or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

9.10 Entire Agreement. Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the Exhibits attached hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties. **Time is of the essence to this Agreement.** Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations Franchisor made in the FDD Franchisor furnished to you before entering in to this Agreement.

9.11 Titles for Convenience. Section and paragraph titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

9.12 Gender. All terms used in any number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Section or paragraph may require.

9.13 Severability. Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, Section, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

9.14 Counterparts. This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

9.15 Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor:	Red Dot Restaurant Group, Inc. 107 East Charleston, 242 Clark County, NV 89104
With a copy to:	Fisher Zucker LLC 21 South 21st Street Philadelphia, PA 19103
Notices to Developer:	

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

9.16 Submission of Agreement. The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. **THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.**

9.17 Acknowledgments & Representations

9.17.1 You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it. You acknowledge that you have conducted an independent investigation of the System, the Franchisor and the Restaurants, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. We do not represent or warrant that any Restaurant will achieve any certain level of sales or be profitable. We expressly disclaim the making of, and you acknowledge that you have 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. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

9.17.2 You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your entering into this Agreement and granting you the rights under this Agreement in reliance upon all of your representations.

9.17.3 You represent that all representations made by you in the application you submitted to us and materials submitted in connection therewith are true and correct and you acknowledge that we are relying on your representations in determining to enter this Agreement with you.

9.17.4 You understand that neither we, nor any of our representatives or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Restaurants you develop under this Agreement will break even, be successful or profitable. You acknowledge that the franchise opportunity is a newly offered opportunity with a limited track record and a limited operating history. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither we nor any of our representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with any of any Restaurant, including the Restaurants you are obligated to develop under this Agreement.

9.17.5 You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

9.17.6 You acknowledge that you received our FDD at least fourteen (14) calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

The next page is the signature page.

IN WITNESS WHEREOF, this Agreement has been executed on the day and date first set forth above.

DEVELOPER:	**FRANCHISOR:** **RED DOT RESTAURANT GROUP, INC.**
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ___________________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	Date: ____________________________

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this __________day of ___________, 20___, by ____.

In consideration of, and as an inducement to, the execution of that certain Development Operator Agreement (the "Agreement") by and between RED DOT RESTAURANT GROUP, INC. ("Franchisor")
and ____ ("Developer") on this _____________day of________________________, each of the undersigned, ________________________________,

(each "he", "she" or the "undersigned", collectively, the "undersigned"), personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, mediation and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; and (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment of performance of the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty. Each of the undersigned hereby represents and warrants that he or she has read the entire Agreement, has been provided with adequate opportunity to consult with counsel of his or her choice, and understands the Agreements terms and his or her obligations under this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

_________________________________ _________________________________

_________________________________ _________________________________

EXHIBIT A TO DEVELOPMENT AGREEMENT

1. **DEVELOPMENT AREA**

The Development Area is defined as the entire territory encompassed by ____
____
________________ in the State of _______________. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the Agreement Date, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center-line unless otherwise specified.

2. **MINIMUM DEVELOPMENT OBLIGATIONS**

Developer agrees to open __________________ Restaurants within the Development Area according to the following Schedule:

Restaurant #	Lease Execution Deadline	Opening Deadline (Years from Effective Date)	Cumulative Number of Restaurants To Be Opened and Operating By Opening Deadline
1			
2			
3			

3. **RESPONSIBLE OWNER**

Responsible Owner Name:____
Responsible Owner Address:____
Telephone Number & Email Address:______________________________________
Percentage Ownership Interest:____

5. **DEVELOPER INFORMATION**____ Individual____ Legal Entity

Name of Individual(s) or Legal Entity (as applicable):______________________________

____

If Legal Entity:

State of formation/incorporation:__________________________________

Date of formation: ____

Ownership Information:

Owner Name	**Owner Address**	**Percentage Ownership Interest**

6. **DEVELOPMENT FEE:**______________________________________

FRANCHISOR: RED DOT RESTAURANT GROUP, INC.

By: ____

Print: ____

Title: ____

Date: ____

DEVELOPER:

By: ____

Print: ____

Title: ____

Date: ____

EXHIBIT D TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

CURRENT FRANCHISEES; FORMER FRANCHISEES

LIST OF FRANCHISEES AND OPENING STATUS AS OF ISSUANCE DATE

Franchisee	City, State of Anticipated Opening	Franchisee Phone Number	Month/Year of Franchise Agreement Effective Date	Opening Status
Matt Shlemon	San Diego, CA	858-761-1003	4/2022	Opened 2023
Paul Riar	Fresno, CA	559-832-9100	1/2022	Opened 2024
Saman Bahrani	Long Beach, CA	858-213-3293	4/2022	Signed but not open
Mauricio Guerra	Houston, TX	832-683-5995	4/2022	Opened 2024
Daniel and Kathy Lisath	Yuba City, CA	530-799-0223	9/2023	Signed but not open
Muhammad Awan	Charlotte, NC Raleigh, NC Winston-Salem, NC Greensboro, NC	336-314-8075	3/2024	Signed but not open
Andy Davong	DFW, TX	972-804-5624	4/2024	Signed but not open
Walter Johnson	Washington Township, NJ	856-340-5133	7/2024	Signed but not Open
Kevin Patel	Princeton, NJ	856-558-1125	11/2024	Signed but not open

LIST OF FORMER FRANCHISEES:

.

EXHIBIT E TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS TO OPERATIONS MANUAL

The Red Chickz Franchise Operations Manual

Table of Contents

SECTION A: INTRODUCTION

SECTION B: PRE-OPENING PROCEDURES

The Red Chickz Franchise Operations Manual

Table of Contents

The Red Chickz Franchise Operations Manual

Table of Contents

The Red Chickz Franchise Operations Manual

Table of Contents

The Red Chickz Franchise Operations Manual

Table of Contents

APPENDICES:

EXHIBIT F TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

RED DOT RESTAURANT GROUP

FINANCIAL STATEMENTS

DECEMBER 31, 2024, 2023 AND 2022

Independent Auditors' Report

To the Shareholders and Management
of Red Dot Restaurant Group

Opinion

We have audited the accompanying financial statements of Red Dot Restaurant Group, (a California corporation), which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of income, stockholders' equity and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red Dot Restaurant Group as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Red Dot Restaurant Group 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Dot Restaurant Group's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Red Dot Restaurant Group'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Dot Restaurant Group'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Schedule of Operating Expenses is presented for purposes of additional analysis of the financial statements and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Los Angeles, California
April 18, 2025

RED DOT RESTAURANT GROUP
BALANCE SHEETS
DECEMBER 31, 2024, 2023 AND 2022

	December 31, 2024	December 31, 2023	December 31, 2022
ASSETS			
CURRENT ASSETS			
Cash	$ 54,699	$ 118,488	$ 169,228
Accounts receivable	9,783	7,726	-
Due from related parties	33,760	3,875	2,000
Prepaid state income tax	800	-	1,000
Secuity deposit	3,150	3,150	1,500
TOTAL CURRENT ASSETS	102,192	133,239	173,728
OTHER ASSETS			
Deferred contract costs	182,000	-	-
TOTAL OTHER ASSETS	182,000	-	-
TOTAL ASSETS	$ 284,192	$ 133,239	$ 173,728
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	$ 10,185	$ 6,992	$ 5,000
Accrued expenses	4,575	4,575	-
Credit cards payable	17,584	6,857	-
Deferred franchise fees - current	213,000	58,000	25,333
Other current liability	-	100,000	-
TOTAL CURRENT LIABILITIES	245,344	176,424	30,333
NONCURRENT LIABILITIES			
Loans payable - Yellow Dot	1,090	2,245	2,245
Loans payable - Blue Dot	-	683	-
Loans payable - Touran Talasazan	-	-	120,000
Deferred franchise fees - noncurrent	419,750	168,917	191,667
TOTAL NONCURRENT LIABILITIES	420,840	171,845	313,912
STOCKHOLDERS' EQUITY			
Common stock	1,000	1,000	1,000
Additional paid-in capital	443,614	443,614	303,614
Deficit	(826,606)	(659,644)	(475,131)
TOTAL STOCKHOLDERS' EQUITY	(381,992)	(215,030)	(170,517)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 284,192	$ 133,239	$ 173,728

SEE INDEPENDENT AUDITORS' REPORT
AND NOTES TO FINANCIAL STATEMENTS.

RED DOT RESTAURANT GROUP
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Year Ended December 31, 2024		Year Ended December 31, 2023		Year Ended December 31, 2022	
	Amount	%	Amount	%	Amount	%
REVENUES						
Brand marketing fund	$ 21,769	8.36	$ 1,291	2.88	$ -	-
Franchise fees	58,167	22.34	30,083	67.20	7,000	100.00
Other continuing fees	48,218	18.52	5,214	11.65	-	-
Royalty income	132,175	50.78	8,177	18.27	-	-
TOTAL REVENUES	260,329	100.00	44,765	100.00	7,000	100.00
OPERATING EXPENSES - SCH 1	340,023	130.60	180,478	403.16	236,627	3,380.38
LOSS FROM OPERATIONS	(79,694)	(30.60)	(135,713)	(303.16)	(229,627)	(3,280.38)
OFFICER'S SALARY	82,649	31.75	48,000	107.23	14,769	210.99
LOSS BEFORE OTHER INCOME	(162,343)	(62.35)	(183,713)	(410.39)	(244,396)	(3,491.37)
OTHER INCOME						
Cashback rewards	1,181	0.45	-	-	-	-
LOSS BEFORE PROVISION FOR TAXES	(161,162)	(61.90)	(183,713)	(410.39)	(244,396)	(3,491.37)
PROVISION FOR TAXES						
State income tax	800	0.31	800	1.79	800	11.43
TOTAL PROVISION FOR TAXES	800	0.31	800	1.79	800	11.43
NET LOSS	$ (161,962)	(62.21)	$ (184,513)	(412.18)	$ (245,196)	(3,502.80)

RED DOT RESTAURANT GROUP
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balance, December 31, 2021	$ 1,000	$ 303,614	$ (229,935)	$ 74,679
Net loss	-	-	(245,196)	(245,196)
Balance, December 31, 2022	$ 1,000	$ 303,614	$ (475,131)	$ (170,517)
Net loss	-	-	(184,513)	(184,513)
Additional paid-in capital	-	140,000	-	140,000
Balance, December 31, 2023	$ 1,000	$ 443,614	$ (659,644)	$ (215,030)
Net loss	-	-	(161,962)	(161,962)
Distribution	-	-	(5,000)	(5,000)
Balance, December 31, 2024	$ 1,000	$ 443,614	$ (826,606)	$ (381,992)

RED DOT RESTAURANT GROUP
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash Flows from Operating Activities:			
Net loss	$ (161,962)	$ (184,513)	$ (245,196)
Adjustments to reconcile net loss to			
Net cash provided (used) by operating activities:			
Change in accounts receivable	(2,057)	(7,726)	-
Change in due from related parties	(29,885)	(1,875)	(800)
Change in prepaid state income tax	(800)	1,000	(1,000)
Change in security deposit	-	(1,650)	1,500
Change in accounts payable	3,193	1,993	5,000
Change in accrued expenses	-	4,574	(1,671)
Change in credit cards payable	10,727	6,857	-
Change in deferred franchise fees	405,833	9,917	217,000
Change in deferred contract costs	(182,000)	-	-
Net cash provided (used) by operating activities	43,049	(171,423)	(25,167)
Cash Flows from Financing Activities:			
Repayments on (proceeds from) loans	(1,838)	683	122,245
Repayments on (proceeds from) other current liability	(100,000)	100,000	-
Capital contribution	-	20,000	-
Distribution	(5,000)	-	-
Net cash provided (used) by financing activities	(106,838)	120,683	122,245
Net increase (decrease) in cash	(63,789)	(50,740)	97,078
Cash at the beginning of the year	118,488	169,228	72,150
Cash at the end of the year	$ 54,699	$ 118,488	$ 169,228
Cash paid for:			
Income tax	$ 800	$ 1,800	$ 800

SEE INDEPENDENT AUDITORS' REPORT
AND NOTES TO FINANCIAL STATEMENTS.

RED DOT RESTAURANT GROUP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity and Organization

RED DOT RESTAURANT GROUP (the "Company") is a California S Corporation incorporated on October 23, 2020. The Company's principal operations are marketing, franchising, and administration of The Red Chickz® restaurant throughout the United States. As of December 31, 2024, there were 5 franchised restaurants in operation, located in California and Texas. An affiliate of the Company owned and operated two restaurants in California.

In 2022, the Company sold its first franchise and area development agreements.

Accounting Method

The Company's policy is to record its financial statements on an accrual basis of accounting.

Cash

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalent. Cash accounts in banking institutions are insured by the Federal Deposit Insurance Corporation up to $250,000.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Accounts receivable are recorded at net realizable value consisting of the carrying amount, less an allowance for credit losses. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the franchisee, macroeconomic factors, and aging of receivables. Specific reserves may be established for accounts with known collectability concerns. Account balances are charged off against the allowance when recovery efforts cease.

No allowance for credit losses was considered necessary on December 31, 2024, 2023, or 2022.

Deferred Contract Costs

The Company capitalizes incremental costs of obtaining contracts, such as commission expenses, in accordance with ASC 340-40 Other Assets and Deferred Costs - Contracts with Customers. These costs are directly attributable to acquiring customer contracts and are expected to provide benefits over the life of the contract.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Contract Costs, continued

Capitalized commission costs are amortized on a straight-line basis over a period of 10 years, which reflects the expected benefit period associated with the related customer contracts.

The Company determined this amortization period based on the expected duration of the contracts' economic benefits.

As of December 31, 2024, the remaining balance of deferred commission costs is $182,000, and the amortization expense for the year ended December 31, 2024 was $0.

The Company evaluates deferred commission costs for impairment at each reporting period, ensuring that the carrying value of the capitalized costs does not exceed the estimated future cash flows expected to be derived from the related customer contracts.

Common Stocks

The Company is authorized to issue 1,000,000 shares of common stocks with $0.10 par value per share. As of December 31, 2024, 10,000 shares are issued and outstanding.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's lease does not provide an implicit rate, the Company uses their incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

During the periods presented, the Company leases office space under a short-term arrangement. The Company has no ROU assets and liabilities as of December 31, 2024.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition

Revenues are primarily derived from initial franchise fees and/or area development fees, royalty fees, brand fund contribution, technology fees, and guest response and recovery management fees.

Initial franchise fee is for a single franchise, while area development fee is discounted franchise fees for three or more franchises. Franchisees are required to pay initial franchise fees and a significant portion of area development fees upon contract execution. The Company's performance obligation under its franchise agreement includes (1) franchise license, (2) site selection and lease execution, (3) franchise training, (4) opening and grand opening support, and (5) ongoing support services. The Company made an accounting policy election to recognize pre-opening services as a single performance obligation that is distinct from the franchise license. As such, the transaction price of pre-opening services is recorded as revenue when the related restaurant opens. The franchise license fee is recognized on a straight-line basis as franchise fees over the initial 10-year term of the franchise agreement.

Deferred franchise fees are related to the initial franchise fee and/or area development fee received from restaurants not yet opened, and unamortized portion of franchise license fees. These deferred franchise fees have no significant financing components.

Royalty income is earned from the Company's licensing agreements calculated as six percent (6%) of gross sales. Royalty fees are due and payable on a weekly basis. The Company recognizes revenue from sales-based royalty when the underlying franchisee sales occur.

Brand fund contribution is a sales-based fee that will not exceed three percent (3%) of the franchisee's gross revenue. Brand fund contributions are due and payable on a weekly basis. The Company recognizes revenue from brand fund contributions when the underlying franchisee sales occur.

Technology fee, and guest response and recovery management fee are fixed fee amounts and are due on a weekly basis.

Advertising

The Company develops and creates advertising, branding and sales promotion programs designed to promote and enhance the restaurants. Advertising costs are expensed as incurred and are included in the operating expenses. Advertising expenses amounted to $147,523, $88,332, and $153,302 for the years ended December 31, 2024, 2023, and 2022, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S Corporation – Income Tax Status

In 2020, the Company elected an income tax status of an S corporation. Under this election, the Company is only taxed at the state level at a rate of 1.5% with a statutory minimum of $800. The net income is passed through to the shareholder and taxed at the individual level for both federal and state.

2. RELATED PARTIES TRANSACTIONS

As of December 31, 2024, the Company had the following loans receivable and loans payable from related parties. These loans are non-interest bearing and are due upon demand. The amounts due from related parties are expected to be collected in 2025. The lenders have no plan to collect the loans due in 2025.

	2024	2023	2022
Due from Seven Dots	$ 7,125	$ 3,875	$ 2,000
Due from Blue Dot	$ 5,252	$ -	$ -
Due from GSN Distribution	$ 1,383	$ -	$ -
Due from Want My Diamond	$ 20,000	$ -	$ -
Loans payable – Yellow Dot	$ 1,090	$ 2,245	$ 2,245
Loans payable – Blue Dot	$ -	$ 683	$ -

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

3. REVENUES FROM CONTRACTS WITH CUSTOMERS, continued

Disaggregation of Revenue, continued

	2024	2023	2022
Performance obligations satisfied at a point in time	$ 258,162	$ 44,682	$ -
Performance obligations satisfied over time	$ 2,167	$ 83	$ 7,000

Revenue from performance obligations satisfied at a point in time consists of initial franchise fees related to pre-opening services, royalty income, brand marketing funds, and other continuing fees. Revenue from performance obligations satisfied over time consists of amortization of initial franchise fees for ongoing support of a restaurant opened during the year.

Contract Balances

Contract liabilities include the unearned portion of franchise fees received, such as initial franchise fees and area development fees. These fees are initially recorded as deferred franchise fees. The revenue is recognized when the Company satisfies its performance obligations related to pre-opening services, and the franchise license fee is amortized on a straight-line basis over the 10-year term of the franchise license, starting from the opening of the restaurant.

As of December 31, 2024, 2023, and 2022, the deferred franchise fees of $632,750, $226,917, and $217,000, respectively, related to restaurants that were not yet open. As such, the fees have not yet been amortized.

The Company has no contract assets as of December 31, 2024, 2023, and 2022.

Performance Obligations

For performance obligations related to pre-opening services, the obligation is satisfied at a point in time, that is when the restaurant opens. Royalty income, brand fund and other continuing fees are sales-based fees, which are recognized as revenue as franchised restaurant sales occur, and are payable weekly. The initial franchise fee related to ongoing support after the restaurant opens is recognized as revenue on a straight-line basis over the 10-year term of the franchise agreement.

The Company does not have any significant financing components as payment is received shortly after the franchise agreements and area development agreements were signed.

4. EQUITY

Retained earnings (deficit) as presented on the balance sheet consist entirely of the S Corporation's income (loss). The shareholders have the right to declare and receive distributions up to the amount of the S corporation's income without incurring any additional personal income taxes.

As of December 31, 2024, there were no changes in the Company's ownership structure.

5. SUBSEQUENT EVENTS

On April 2025, the Company's management approved a plan to relocate its principal place of business from California to Nevada. The move is expected to be completed by the third quarter of 2025, and is intended to provide strategic, operational, and tax-related benefits. The relocation does not affect the Company's financial position as of December 31, 2024 and has therefore not been reflected in the accompanying financial statements.

Management has evaluated subsequent events through April 18, 2025, the date of which the financial statements were available to be issued.

RED DOT RESTAURANT GROUP
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Year Ended December 31, 2024		Year Ended December 31, 2023		Year Ended December 31, 2022	
	Amount	%	Amount	%	Amount	%
OPERATING EXPENSES						
Advertising and promotion	$ 147,523	56.67	$ 88,332	197.32	$ 153,302	2,190.03
Automobile expense	-	-	181	0.40	-	-
Bank charges	2,536	0.97	675	1.51	-	-
Billing	1,539	0.59	-	-	-	-
Computer and internet expense	418	0.16	168	0.38	853	12.19
Delivery and freight	141	0.05	92	0.21	137	1.96
Dues and subscription	-	-	-	-	1,613	23.04
Food manufacture service	1,736	0.67	708	1.58	1,507	21.53
Gifts	-	-	290	0.65	623	8.90
Insurance	10,396	3.99	-	-	-	-
Legal and professional fees	67,516	25.93	57,187	127.75	39,922	570.31
Meals and entertainment	8,073	3.10	271	0.61	670	9.57
Office expense	6,903	2.65	1,462	3.27	3,051	43.59
Others	3,224	1.24	1,235	2.76	572	8.17
Outside services	12,276	4.72	1,675	3.74	6,000	85.71
Payroll tax	6,673	2.56	4,001	8.94	1,438	20.54
Rent expense	19,882	7.64	18,600	41.54	18,000	257.14
Repairs and maintenance	328	0.13	-	-	-	-
Security and alarm system	404	0.16	529	1.18	-	-
Tax and licenses	30	0.01	60	0.13	25	0.36
Telephone expense	2,895	1.11	2,086	4.66	2,031	29.01
Trademark expense	3,000	1.15	1,394	3.11	-	-
Travel expense	44,005	16.90	1,532	3.42	6,883	98.33
Website	525	0.20	-	-	-	-
TOTAL OPERATING EXPENSES	$ 340,023	130.60	$ 180,478	403.16	$ 236,627	3,380.38

EXHIBIT G TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE RELEASE AGREEMENT

THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Red Dot Restaurant Group, Inc. (“Franchisor”) and ____________________________________ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

A. Franchisor and Franchisee entered into a RED CHICKZ Franchise Agreement dated __________________, _______

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

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

AGREEMENTS

1. Consideration. [NOTE: Describe the consideration paid.]

2-4. [NOTE: Detail other terms and conditions of the release.]

5. Release of Claims by Franchisee. In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

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

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

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

9. Governing Law and Jurisdiction. This Agreement will be construed and enforced in accordance with the law of the state of Nevada.

10. Attorneys' Fees. All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated:____________, 20_____

RED DOT RESTAURANT GROUP, INC.

By:____

Its:____

Dated:____________, 20_____

FRANCHISEE:

By:____

Its:____

EXHIBIT H TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

<u>RED DOT RESTAURANT GROUP, INC.</u>
<u>CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT</u>

ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

4. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

The Franchise Agreement and Area Development Agreement grant us the option to submit disputes by mediation or arbitration. The mediation or arbitration will occur in Las Vegas, Nevada with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The franchise agreement and area development agreement contain provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

The following sentences are deleted from section 25.4 of the Franchise Agreement:

"no other representations, promises, warranties, assurances, covenants, "side deals", rights of first refusal, options or understandings having induced you to execute this Agreement. The Parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto.

The following sentences are deleted from section 9.10 of the Area Development Agreement:

"You agree that you have executed this Agreement without reliance upon any such representation or promise."

Section 25.1 Acknowledgements of the Franchise Agreement is hereby removed.

Section 9.17 Acknowledgements of the Franchise Agreement is hereby removed.

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

RED DOT RESTAURANT GROUP, INC.	**FRANCHISEE/DEVELOPER**
By:_______________________________	By:_______________________________
Name:_____________________________	Name:_____________________________
Title:_____________________________	Title:_____________________________
Date Signed:_______________________	Date Signed:_______________________

RED DOT RESTAURANT GROUP, INC.
ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF ILLINOIS

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Disclosure Document.

RED DOT RESTAURANT GROUP, INC.	**FRANCHISEE/DEVELOPER**
By:_______________________________	By:_______________________________
Name:_____________________________	Name:_____________________________
Title:______________________________	Title:______________________________
Date Signed:________________________	Date Signed:________________________

RED DOT RESTAURANT GROUP, INC.
ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

ALL FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement or Development Agreement.

RED DOT RESTAURANT GROUP, INC.	**FRANCHISEE/DEVELOPER**
By:_______________________________	By:_______________________________
Name:_____________________________	Name:_____________________________
Title:______________________________	Title:______________________________
Date Signed:_______________________	Date Signed:_______________________

RED DOT RESTAURANT GROUP, INC.
MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. Item 5 - Initial Fees

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise and, if applicable, Development Fees owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17 of the disclosure document shall be amended as follows:

The general release required as a condition of the renewal, sale, and/or assignment/transfer of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Despite the provisions of Item 17, the franchise may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

Any provision in the Franchise Disclosure Document or agreement(s) which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. The FDD shall be amended as follows:

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

RED DOT RESTAURANT GROUP, INC.
MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

THE FRANCHISE AGREEMENT TO WHICH THIS ADDENDUM IS ATTACHED AND INCORPORATED IS HEREBY AMENDED AS FOLLOWS:

1. Despite anything to the contrary contained in the Franchise Agreement, the general release required as a condition of the resale of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise Fee owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. The acknowledgements and representations contained in the Franchise Agreement are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred by RED DOT RESTAURANT GROUP, INC. under the Maryland Franchise Registration and Disclosure Law.

4. This franchise agreement and/or development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive trade practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

RED DOT RESTAURANT GROUP, INC.	**FRANCHISEE**
By:_____________________________	By:_____________________________
Name:___________________________	Name:___________________________
Title:____________________________	Title:____________________________
Date Signed:______________	Date Signed:______________

RED DOT RESTAURANT GROUP, INC.
VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Red Dot Restaurant Group, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

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

RED DOT RESTAURANT GROUP, INC.
VIRGINIA ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT

The Development Agreement is hereby amended by the addition of the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising Requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completes its pre-opening obligations under the development agreement.

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

RED DOT RESTAURANT GROUP, INC.	**FRANCHISEE**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date Signed:_______________________	Date Signed:_______________________

RED DOT RESTAURANT GROUP, INC.
VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT

The Franchise Agreement is hereby amended by the addition of the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

RED DOT RESTAURANT GROUP, INC.	**FRANCHISEE**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date Signed:_______________________	Date Signed:_______________________

EXHIBIT I TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Indiana, Illinois, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	September 24, 2025
Florida	September 13, 2025
Hawaii	Not registered
Illinois	Not registered
Indiana	Not registered
Maryland	August 4, 2025
Michigan	January 27, 2025
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Utah	April 27, 2025
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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.

EXHIBIT J TO
RED DOT RESTAURANT GROUP, INC'S
FRANCHISE DISCLOSURE DOCUMENT

RECEIPT PAGES

RECEIPT (Our Copy)

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Red Dot Restaurant Group, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, Oklahoma and Rhode Island require 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 agreement, or other agreement, or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement, or other agreement, or the payment of any consideration, whichever comes first.

If Red Dot Restaurant Group, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit A.

The franchisor is Red Dot Restaurant Group, Inc. located at 107 East Charleston, 242, Clark County, NV 89104. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Shahram (Shawn) Lalehzarian, 107 East Charleston, 242, Clark County, NV 89104; ____.

Issuance Date: April 25, 2025. Red Dot Restaurant Group, Inc. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April 25, 2025. This Disclosure Document included the following Exhibits:

A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
B. FRANCHISE AGREEMENT
C. AREA DEVELOPMENT AGREEMENT
D. CURRENT FRANCHISEES; FORMER FRANCHISEES
E. TABLE OF CONTENTS OF OPERATIONS MANUAL
F. FINANCIAL STATEMENTS
G. SAMPLE RELEASE AGREEMENT
H. STATE SPECIFIC ADDENDA
I. STATE EFFECTIVE DATES
J. RECEIPTS

___________________________	___________________________
___________________________	___________________________
(Print Name)	(Signature)

____
Date

Please sign this copy of the receipt, date your signature, and return this form to us as described in Item 23.

RECEIPT (Your Copy)

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Red Dot Restaurant Group, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, Oklahoma and Rhode Island require 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 agreement, or other agreement, or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement, or other agreement, or the payment of any consideration, whichever comes first.

If Red Dot Restaurant Group, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit A.

The franchisor is Red Dot Restaurant Group, Inc. located at 107 East Charleston, 242, Clark County, NV 89104. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Shahram (Shawn) Lalehzarian, 107 East Charleston, 242, Clark County, NV 89104; ____.

Issuance Date: April 25, 2025. Red Dot Restaurant Group, Inc. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April 25, 2025. This Disclosure Document included the following Exhibits:

A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
B. FRANCHISE AGREEMENT
C. AREA DEVELOPMENT AGREEMENT
D. CURRENT FRANCHISEES; FORMER FRANCHISEES
E. TABLE OF CONTENTS OF OPERATIONS MANUAL
F. FINANCIAL STATEMENTS
G. SAMPLE RELEASE AGREEMENT
H. STATE SPECIFIC ADDENDA
I. STATE EFFECTIVE DATES
J. RECEIPTS

____________________________	____________________________
____________________________	____________________________
(Print Name)	(Signature)

____
Date

Please sign this copy of the receipt, date your signature, and return this form to us as described in Item 23.