FRANCHISE DISCLOSURE DOCUMENT

RedKnight Franchise, LLC
A Pennsylvania Limited Liability Company
587 Bethlehem Pike Suite 700
Montgomeryville, PA 18936
215-368-8900
fsales@redknight.com
https://www.redknightfranchising.com/

We offer qualified individuals and entities the right to open and operate a franchised business that offers and sells marketing services, website design services, graphic design, social media management services, and search engine optimization services to business customers (each, a "Franchised Business").

The total investment necessary to begin operation of a Franchised Business ranges from $17,900 to $35,650. This includes a franchise fee of $9,900 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Gudmundur "Gummi" Sigurdarson at 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936 or 215-368-8900.

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

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

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

Issuance Date: March 18, 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 Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 RedKnight 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 RedKnight franchisee?	Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Pennsylvania. 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 Pennsylvania than in your own state.

2. **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 you and your spouse's marital and personal assets perhaps including your house, at risk if your franchise fails.

3. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **Minimum Royalties**. You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

5. **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.

6. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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.

TABLE OF CONTENTS

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

To simplify the language in this Disclosure Document "we", "our", "us" and "franchisor" means RedKnight Franchise, LLC. "You" means the person who buys the franchise. If you are a corporation, partnership, limited partnership or limited liability company "you" or "your" will include all your principals, partners and owners and their spouses, who must sign a personal guaranty.

Us and Our Parents, Predecessors and Affiliates

We are a Pennsylvania limited liability company formed on December 15, 2020. Our principal place of business is 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936. We conduct business under our corporate name and also RedKnight and RedKnight Marketing.

Our affiliate, RedKnight Marketing, Inc. ("RedKnight Marketing") is a Pennsylvania corporation formed on April 21, 2011. Its principal place of business is located at 587 Bethlehem Pike Suite 700 Montgomeryville, PA 18936. RedKnight Marketing owns the trademarks and intellectual property associated with the System and licenses the use of such intellectual property to us. RedKnight Marketing also provides the product management and acts as the production house for the System. RedKnight Marketing does not operate a business similar to the business offered in this Franchise Disclosure Document. We have no predecessors.

RedKnight Print, LLC ("RedKnight Print") is a Pennsylvania limited liability company formed on April 17, 2014, and its principal place of business is 587 Bethlehem Pike, Suite 700, Montgomeryville, PA 18936. RedKnight Print acts as the local sales unit and does not provide products or services to franchisees or the System. RedKnight Print began operating the same type of business we are offering in this Franchise Disclosure Document in Colmar, Pennsylvania in April 2014.

GDK Marketing, LLC is a Pennsylvania limited liability company formed on January 1, 2006, and its principal place of business is 587 Bethlehem Pike Suite 700 Montgomeryville, PA 18936. GDK Marketing, LLC ("GDK Marketing") provides services to the System related to hosting and email support, support of websites and managing all servers.

Our agents for service of process and their principal place of business addresses are disclosed in Exhibit C.

Our Business Experience

We began offering franchises in April 2021. We do not and have not operated a Franchised Business. Our affiliate, RedKnight Print has operated a business similar to the Franchised Business since April 2014. Neither we nor any of our affiliates have offered franchises in other lines of businesses or in this line of business.

Our Franchised Business

We are in the business of granting franchises to operate a business that offers and sells marketing services, website design services, graphic design, social media management services, and search engine optimization services ("Services") to business customers (each, a "Franchised Business") using the trademarks "REDKNIGHT" and "REDKNIGHT MARKETING" ("Marks") and System (defined below). Franchisees offer and sell the Services to business customers and then the Services are provided by our affiliate, RedKnight Marketing, either directly to the customer or through the Franchised Business. Any non- franchised business operated by us and/or our affiliate(s) providing the Services and using the Marks and System is referred to as a "RedKnight Business."

We reserve the right to modify, change and add to the types of Services that may be provided by the Franchised Business/ RedKnight Business, from time to time, and the right to include the sale of certain products in connection with the provision of such Services. Our franchisees operate Franchised Businesses using the System and Marks as described in the Franchise Agreement, which is attached as Exhibit B (the "Franchise Agreement"). "Marks" means the trademarks listed above and also the service marks, trademarks, trade dress, trade names and copyrights and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Franchised Business/RedKnight Business. Details regarding the Marks are found in Item 13. "System" means the specially developed method of operating a business that provides the Services, under the Marks, using certain business formats, methods, procedures designs, marketing and sales procedures, standards and specifications which may be changed, improved, modified and further developed by us or our affiliates from time to time. You will do business under the fictitious or assumed name of "REDKNIGHT MARKETING" and "REDKNIGHT."

If we approve you as a franchisee, you must sign a Franchise Agreement. In no event will you be a franchisee until we have signed a Franchise Agreement with you.

The general market for the Services is mature. Franchised Businesses sell services to all groups of people across all seasons. You will face competition from other marketing companies. The competition may be other large scale, national marketing firms or companies or local independent businesses offering similar services. Because of the COVID-19 pandemic, some jurisdictions periodically place limits on businesses that may require the sales process for the Services to be digital or virtual instead of through face-to-face networking opportunities. However, we anticipate that face-to-face networking efforts will be standard when (and where) permitted.

Industry Regulations

You must comply with the state, federal and local laws, rules, regulations, ordinances and requirements to provide the Services and are responsible for knowing the state, federal and local laws, rules regulations, county ordinances and requirements that are generally applicable to businesses and your Services. You should thoroughly investigate all applicable laws and regulations which might impact your Franchised Business before purchasing a Franchised Business from us.

ITEM 2. BUSINESS EXPERIENCE

Gudmundur "Gummi" Sigurdarson: Chief Executive Officer

Mr. Sigurdarson has been our CEO since our inception in December 2020. In addition, Mr. Sigurdarson currently serves as the CEO of our affiliates, RedKnight Marketing, Inc. (since April 2011), RedKnight Print LLC (since April 2014), and GDK Marketing LLC (since January 2006). He performs his duties from Montgomeryville, Pennsylvania.

Karen L. Jett, CMA: Chief Training Officer

Ms. Jett has been our CTO since our inception in December 2020. In addition, Ms. Jett has been serving as the Brand Developer and Chief Financial Officer of our affiliate, RedKnight Print LLC, since July 2014. She performs her duties from Montgomeryville, Pennsylvania.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You must pay us the initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is fully earned when paid, and nonrefundable.

The initial franchise fee is $9,900 for a Protected Area of the smaller of (a) an eight mile radius around the Franchised Business or (b) 15,000 businesses, which also includes the Marketing Starter Pack.

The Marketing Starter Pack includes the following items: brochures, business cards, service catalogs and other promotional items.

We participate in the International Franchise Association's VetFran Program and offer a $5,000 discount on the initial franchise fee for the first Franchised Business of those franchisees that qualify for the VetFran Program. Other than providing this discount, the initial franchise fee is uniform for all franchisees.

ITEM 6. OTHER FEES

NAME OF FEE*	AMOUNT	DUE DATE	REMARKS
Royalty	The greater of (a) 4% of Gross Revenues or (b) the Minimum Royalty. Minimum Royalty is $125 per bi-monthly period. There is no Minimum Royalty for the first 90 days of operation.	Payable bi-monthly on the 1st and 15th of each month, due the first business day after a weekend or a holiday.	The Royalty is paid only to us. The percentage depends on the total amount of Gross Revenues. Payable by Electronic Funds Transfer ("EFT"). We reserve the right to increase the Royalty to 6% of Gross Revenues. See Note 1.
Brand Fund Contribution	Up to 3% of Gross Revenues. Currently, 2% of Gross Revenues.	Payable in the same manner and the same time as the Royalty.	Brand Fund Contributions are paid directly to the Brand Fund but are imposed by us. We may reallocate all or a portion of this fee to a Regional Advertising program if one is established in your region. See Note 1.

NAME OF FEE*	AMOUNT	DUE DATE	REMARKS
Transfer Fee (a) All transfers except as provided in (b) below. (b) Transferee is an entity controlled and owned by current Franchisee.	 60% of the then-current initial franchise fee. No charge.	Upon submitting an application to transfer.	All transfers are subject to our right of first refusal.
Renewal Fee	40% of the then-current initial franchise fee.	Upon signing our then-current form of franchise agreement.	You must meet our other conditions for renewal, including, but not limited to, signing our then-current form of franchise agreement, which may contain materially different terms.
Relocation Fee	Our costs and expenses.	As incurred.	Payable to us if you relocate your Franchised Business. Any relocation of the Franchised Business must be pre-approved by us.
Interest on late payments	Lesser of 1.5% per month or maximum legal rate	On all overdue payments.	Payable on all overdue amounts to us or our affiliates.
Insufficient Funds Fee	$50 per violation.	As incurred.	Payable if we are unable to draft any amounts owed to us due to insufficient funds in the designated bank account.
Fee for Testing Alternative Suppliers	Our actual incurred expenses for testing.	Upon your request for approval of supplier/product.	Only if you want us to approve an alternative supplier, equipment or products.
Audit	Cost of audit	30 days after billing	Payable only if audit shows an understatement of at least 2% of Gross Revenues for any week.
Additional Training Fee	$500 per day per person, plus expenses.	Prior to time of training.	If you request or we determine additional training is necessary. No charge if you attend an already scheduled training class.

NAME OF FEE*	AMOUNT	DUE DATE	REMARKS
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred	Due when you do not comply with the franchise agreement and/or we have to seek assistance to enforce or defend the franchise agreement.
Management Fee	20% Gross Revenues, plus labor, travel or other out of pocket expenses incurred by us.	Weekly, payable by EFT on Tuesday for the week ending the immediately preceding Sunday	If we are required to step in and manage the Franchised Business for death, disability, abandonment or other reason. These fees are in addition to royalties owed to us.
Indemnification	Will vary under circumstances.	As incurred	You must reimburse us if we are held liable for claims from your Franchised Business operation.
Post-Termination or Post-Expiration Expenses	Will vary under circumstances.	As incurred.	

All fees are imposed by and are payable to us or our affiliates. All fees are non-refundable. All fees are uniformly imposed on all franchisees.

Note 1. You are required to pay us a bi-monthly on the 1st and 15th of each month, which is a percentage of your Gross Revenues of the Franchised Business. The Royalty is currently the greater of (a) four percent (4%) of Gross Revenues or (b) the Minimum Royalty. The Minimum Royalty is $125 per bi-monthly period, but there is no Minimum Royalty for the first 90 days of operation. We reserve the right to raise the Royalty to six percent (6%) of Gross Revenues. In order to maintain your Protected Area, you are required to achieve a minimum of $150,000 in annual Gross Revenues, beginning in your third year of operation. This minimum sales requirement is not required during years one or two of operation. If you do not achieve the minimum sales requirement, then we may reduce your Protected Area and/or remove any exclusive rights you have to the Protected Area.

"Gross Revenues" means the total amount collected based on all sales of products and services sold from, through or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes, and less bona fide refunds to customers and customer discounts, and less any sales tax collected on behalf of taxing authorities. Gross Revenues derived from Pass Through Billing refers to pass-through of costs invoiced to customers for advertising, postage and related third-party expenses paid on customers' behalf. This category is a pass-through of expenses without markup, and is excluded from the definition of Gross Revenues for the purpose of calculating Royalties due.

All payment of fees shall be made via EFT or such other manner which we may designate from time to time. You will comply with the procedures specified in the Operations Manual or as otherwise communicated to you in writing and will perform the acts and sign the documents, including authorization forms that we, our bank and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee[1]	$9,900	$9,900	Lump sum	At signing of Franchise Agreement	Us
Rent, Equipment and Furniture[2]	$0	$1,500	As arranged	Before opening	Third-party providers
Computer, Software and Point of Sales System[3]	$2,000	$4,150	Lump Sum	Before opening	Third-party providers
Insurance Deposits and Premiums[4]	$1,000	$3,000	As arranged	Before opening	Insurance company
Pre-opening Travel Expense[5]	$1,000	$3,100	As incurred	Before opening	Airline, hotel, restaurants
Professional Fees[6]	$1,000	$2,000	As arranged	Before opening	Attorneys, accountants
Membership for Referral-Based Group[7]	$1,000	$3,000	As arranged	After opening	Third-party providers
Business Permits and Licenses[8]	$0	$1,000	As incurred	Before opening	Licensing Authorities
Additional funds – 3 Months[9]	$2,000	$8,000	As incurred	After opening	Various
Total [10]	**$17,900**	**$35,650**			

Note 1. Franchise Fee for a Protected Territory. See Items 5 and 12 for details regarding the Protected Territory.

Note 2. Typically you will operate your office from your home (if permitted by applicable zoning regulations), but you may choose to lease office space. If you choose to lease space, you may also be required to purchase or lease equipment and/or furniture necessary to operate the Franchised Business.

Note 3. You are required to obtain the hardware and software that we require and designate in the Operations Manual. See Item 11 for more information.

Note 4. You must obtain, at a minimum, the insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in detail in Item 8 and the Operations Manual. These amounts represent the estimated annual premium for the required insurance, but do not include statutory workers' compensation deposits your state may require. The amount of workers' compensation deposits will vary depending on the state in which your Franchised Business is located and whether or not you decide to hire any employees.

Note 5. We do not charge a fee for attending initial training, but you are required to cover the cost of all travel and other expenses incurred while attending training (for you and any other personnel that attend). The cost will vary depending on how far you live from our training facility, currently located in Montgomeryville, Pennsylvania.

Note 6. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business, if any.

Note 7. In lieu of local advertising, you are required to become a member of a local, referral-based networking group. Membership fees may vary based on the group. The group must be more than simply a networking group and must have the objective to provide business referrals to its members. You must participate in such group(s) for the first four (4) years of operations.

Note 8. You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. It is your responsibility to determine your specific state requirements regarding licensing of individuals providing the services of your Franchised Business.

Note 9. This item estimates your initial startup expenses before operation and during the first three months of operation. The figure for "Additional Funds" does not include the fees listed in Item 6 or any owner's salaries or draws. These figures are estimates, and you may have additional expenses in order to start the Franchised Business. Your costs will depend on numerous factors including how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the Services; the prevailing wage rate; competition; and sales level reached during the initial period.

Note 10. Costs and expenses can vary depending on factors like whether you can operate the Franchised Business from your home or whether you will hire any employees. These figures were based on RedKnight Print's experience operating a RedKnight Business, which is a similar business to the Franchised Business in Montgomeryville, Pennsylvania since April 2014. The expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. Your financial condition and arrangements negotiated by you and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the right to operate a Franchised Business.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this disclosure document.) The availability of financing will depend upon various factors like the availability of financing generally, your credit worthiness, other security that you may have and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to our System. You are required to purchase all products, services, supplies, inventory, computer software and hardware (as described in Item 11), equipment and materials required for the operation of the Franchised Business from manufacturers, suppliers or distributors we approve, or from other suppliers who meet our specifications and standards.

Specification and approval of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions, or other consideration to us, our affiliates, any advertising fund we may maintain in the future and/or otherwise, and may be temporary, in each case in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of the Franchised Businesses/RedKnight Businesses and services provided to customers. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We or our affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement.

Approved suppliers may be designated in the Operations Manual or otherwise communicated to you in writing. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Operations Manual or otherwise communicate these changes to you in writing.

Currently, we or our affiliate are the only approved supplier for the following services: (a) graphic design; (b) website design; (c) website development; (d) website hosting (for the client); (e) email hosting and administration; (f) small-format printing; (g) search engine marketing (both organic and paid); (h) certain social media marketing platforms; and (i) technical support. In addition, you must purchase your specialty printing services from a designated supplier, if available in your local area and our affiliate is unable to provide such services, such as wide-format printed items. Other than the above, we are not an approved supplier for any required products, and there are no approved suppliers in which our officers own an interest (other than our affiliates), but our officers reserve the right to have an interest in additional approved suppliers in the future. We and our affiliate will derive revenue from your purchase of these services. For the fiscal year 2023, neither we nor our affiliates derived any revenue from such purchases because we do not yet have any franchisees.

If you wish to purchase or lease any goods, products, equipment or supplies, not approved by us, or to purchase such products from a supplier not approved by us, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, we will advise you within a sixty (60) day period whether these goods, products, equipment, supplies or suppliers meet our specifications. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a reasonable fee based on the cost we or a third party designated by us incurs in connection with conducting this test.

We reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates to us or our affiliates in the future. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier and/or receive revenues, rebates, commissions or other benefits from purchases made by our franchisees. There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

During the 2023 fiscal year, neither we nor any of our affiliates derived revenue from selling products or services to franchisees or received any rebates from suppliers on account of purchases by franchisees. The purchase of products from approved sources will represent approximately 100% of your overall purchases in opening the Franchised Business and 100% of your overall purchases in operating the Franchised Business.

You must accept those bankcards and credit cards we specifically approve and require in the Operations Manual. All merchant fees associated with the processing of credit cards shall be your sole responsibility and cost.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in detail in the Operations Manual. The policies and limits required may be modified by Franchisor from time to time and you must comply with all such changes. Currently, the following insurance policies and limits are required:

(1) Comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least $1,000,000, a general aggregate limit of at least $2,000,000, and a products/completed operations aggregate of at least $2,000,000.

(2) Data breach insurance with at least a $25,000 response expenses limit, at least a $50,000 defense and liability limit, at least a $10,000 business income and extra expense sub-limit, at least $10,000 extortion threats sub-limit, at least a $50,000 fines and penalties sub-limit, and at least a $50,000 PCI loss sub-limit.

(3) Professional liability coverage with a claim limit of at least $250,000, an aggregate limit of at least $250,000, at least a $25,000 subpoena assistance claims expense sub-limit, at least a $25,000 disciplinary proceeding claim expense sub-limit, and a maximum of a $2,500 deductible.

(4) Employment practices liability insurance with a claim limit of at least $25,000, an aggregate limit of at least $25,000, and a wage and hour defense cost sub-limit of at least $25,000.

(5) Automobile liability insurance to cover vehicles used in the operation of the Franchised Business with a combined single limit of at least $1,000,000.

(6) Workers' compensation insurance as required by state law.

The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party.

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 other items of this disclosure document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
A. Site selection and acquisition/lease	Sections 2 and 3	Item 11
B. Pre-opening purchases/leases	Section 3	Item 8
C. Site development and other pre-opening requirements	Section 3	Item 7, 8, and 11
D. Initial and ongoing training	Section 4	Item 11
E. Opening	Section 3	Item 11
F. Fees	Section 8	Item 5 and 6
G. Compliance with standards and policies/ Operations Manual	Sections 4 and 9	Item 11
H. Trademarks and proprietary information	Section 5	Item 13 and 14
I. Restriction on products/services offered	Section 9	Item 8 and 16
J. Warranty and customer service requirements	Section 9	Item 11
K. Territorial development and sales quotas	Sections 2 and 3	Item 12
L. Ongoing product/service purchases	Section 9	Item 8
M. Maintenance, appearance and remodeling requirements	Section 9	Item 11
N. Insurance	Section 9	Item 6 and 7
O. Advertising	Section 10	Item 6 and 11
P. Indemnification	Section 7	Item 6
Q. Owner's participation/management/staffing	Section 9	Item 11 and 15
R. Records/reports	Section 11	Item 11
S. Inspections/audits	Section 12	Item 6 and 11
T. Transfer	Section 14	Item 17
U. Renewal	Section 15	Item 17
V. Post-termination obligations	Sections 13 and 17	Item 17
W. Non-competition covenants	Sections 13 and 17	Item 17
X. Dispute resolution	Sections 18 and 21	Item 17

ITEM 10. FINANCING

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

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

Except as listed below, RedKnight Franchise, LLC is not required to provide you with any assistance:

Before you open the Franchised Business, we will:

(1) Designate your Protected Area. (Franchise Agreement – Section 2 and Schedule One). The Protected Area will be designated at the time the Franchise Agreement is signed and will be chosen by you and us based upon your input, population density in the area, and our assessment of the marketability of the System in the area. Typically you will operate your office from your home (if permitted by applicable zoning regulations), but you may choose to lease office space. We do not advise you regarding site selection or approve the location of your office space if you choose to lease space. You are solely responsible for locating, securing and evaluating the suitability of your office and, if applicable, for the review and negotiations of your lease. If you choose to lease space, you are responsible for conforming that space to the local ordinances and business codes and we will not advise you regarding these regulations. If you choose to lease space, you must conform the leased space to our specifications regarding the trade dress and décor of your leased space required in the Operations Manual or provided in writing to you. You may locate or relocate your office anywhere within the Protected Area upon notification to us. We will not own or lease the premises where you operate your Franchised Business. (Franchise Agreement - Section 3.D).

(2) Provide you a list of approved suppliers and minimum standards and specifications for the equipment, products and services you need to equip and operate your Franchised Business (Franchise Agreement – Section 3.B.).

(3) Provide you an initial training program for the operation of your Franchised Business (Franchise Agreement – Section 4.A). You are solely responsible for hiring, firing, and training your employees.

(4) Provide you one person to assist for up to 2 days of market support during the first 30 days of operation of your Franchised Business without charge to you. (Franchise Agreement – Section 4.B).

(5) Provide you the Marketing Starter Pack. (Franchise Agreement – Section 4.E). The Marketing Starter Pack will contain the following: brochures, business cards, service catalogs and other promotional items.

(6) Loan to you during the term of the Franchise Agreement one copy of our Operations Manual. (Franchise Agreement – Section 4.D). "Operations Manual" means our Confidential Operations Manual, as amended by us from time to time. The Operations Manual will be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System that are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures we prescribe for Franchised Businesses and information relative to your obligations.

The Operations Manual is confidential and remains our property. You will operate your Franchised Business in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to the Operations Manual, which we may provide to you in writing, either in document or electronic form, all of which are a part of the Operations Manual.

You must treat the Operations Manual, any other manuals or written materials provided by us or our affiliate for use in the operation of the Franchised Business (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, transmit, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual will remain our sole property and access to the Operations Manual must be secure and limited to those permitted to use it. You will not have any access rights to the Operations Manual upon termination or expiration of your Franchise Agreement.

We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques, of a Franchised Business. You must keep one copy of the Operations Manual current and the master copy of the Operations Manual we maintain at our principal office controls if there is a dispute relative to the contents of the Operations Manual. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit D to this Disclosure Document. As of the date of this disclosure document, the Manual is approximately 240 pages in length.

Time for Opening

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of your Franchised Business is approximately 2 weeks. Factors affecting the length of time usually include satisfactorily completing the training, obtaining financing, obtaining all necessary equipment and supplies, and obtaining necessary licenses or permits. The opening of the Franchised Business may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You must notify us of any such delays promptly. You must open within 30 days after training is completed or we have the right to terminate the Franchise Agreement, and your initial fees will be forfeited. (Franchise Agreement – Section 3.C.).

During the Operation of your Franchised Business, we may:

(1) Provide to you at your request, with additional guidance and assistance regarding the operation of your Franchised Business. We reserve the right to charge a reasonable fee for this additional guidance and assistance, which may include online training sessions that are accessible at any time. (Franchise Agreement – Section 4.C.).

(2) Provide you with sales and project management guidance, as needed. (Franchise Agreement – Section 4.C.).

(3) We provide guidance in our sole discretion in the form of our Operations Manual, bulletins or other written materials, telephone consultations and/or consultations at our offices or at your Franchised Business based upon our availability and at our discretion. Additional assistance, at our sole discretion is available at per diem charges which we establish (Franchise Agreement – Section 4.C.).

(4) Continue to loan you the Operations Manual (Franchise Agreement – 4.D.).

(5) Provide you with Manufacturer Suggested Retail Prices, which you may adjust based on your region. (Franchise Agreement – Section 4.C.)

Advertising

At this time, we are not required to conduct any minimum level of advertising on behalf of the System, but we may do so in the future in our sole discretion. We may do so using any media we choose, and on the national, regional or local level, as we may decide from time to time.

We have established an advertising fund to which you are required to contribute (the "Fund"). The Fund will be for advertising or public relations programs as we, in our sole discretion, may deem appropriate to advertise or promote Franchised Businesses/RedKnight Businesses. We will direct all advertising programs of the Fund and retain sole discretion over the creative concepts, materials, endorsements and media used, and the placement of advertising and allocation of the Fund. We have the right to determine, in our sole discretion, the composition of all geographic territories and market areas for the development and implementation of marketing programs. We may reallocate all or a portion of this fee to a Regional Advertising program if one is established in your region (Franchise Agreement – Section 10.A.).

You must contribute to the Fund up to 3% of Gross Revenues, payable bi-monthly together with the Royalty Fee. Any RedKnight Business that our affiliates or we own are not required to contribute to the Fund on the same basis, but have the option to do so.

The Fund will be used to pay the costs of maintaining and preparing national, regional or local advertising materials, programs and public relations activities, including the cost of preparing and conducting television, radio, magazine, billboard, newspaper, internet and other media programs and activities, the cost of employing advertising agencies and the cost of providing promotional brochures and advertising materials and to regional and local advertising cooperatives we may establish. We will not spend any funds from the Fund on advertising that is principally a solicitation for the sale of franchises, except that we may use portions of the Fund assets towards the costs of any websites we may maintain, which websites may contain information about our franchising programs, and our contact information for potential prospective franchisees. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund in that year and we may make loans to the Fund bearing reasonable interest to cover any deficits of the Fund and cause the Fund to invest in a surplus for use by the Fund.

We will account for the Fund separately from other funds of ours and will not use it to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Fund and its programs (including conducting market research, preparing advertising materials and collecting and accounting for contributions to the Fund). Upon your reasonable request, we will prepare an unaudited report of the operations of the Fund.

The Fund will maximize general recognition and patronage of the Marks and the System for the benefit of all Franchised Businesses/RedKnight Businesses. The Fund will not be our asset. The Fund will also not be a trust. We will have a contractual obligation to hold all funds in the Fund for the benefit of the contributors and to use contributions only for their permitted purposes described in this Item 11. We will have no fiduciary obligation to you for administering the Fund. We undertake no obligation in developing, implementing or administering advertising or public relations programs to ensure that any expenditures are made, or which are proportionate or equivalent to your contributions are made, for your market area or that any Franchised Business/RedKnight Business benefits directly or pro rata from the placement of advertising. We are not required to spend any amount on advertising in your Protected Area. Because we had no franchisees, there were no Fund expenses in 2024.

Your Own Advertising

In lieu of local advertising, you are required to become a member of a local, referral-based networking group. Membership fees may vary based on the group and you are required to expend up to $3,000 for such membership fees. The group must be more than simply a networking group and must have the objective to provide business referrals to its members. You must participate in such group(s) for the first four (4) years of operations (Franchise Agreement – Section 10.B.).

Otherwise, you are not required to expend any additional amounts on local advertising. But, if you do choose to advertise, you are required to obtain our approval of any such advertising. If you do not receive written disapproval within 15 days after we or they receive the materials, the request is deemed to be disapproved. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct.

If we require, you agree to participate with other Franchised Businesses/RedKnight Businesses in placing advertisements in the directories including Internet telephone directories which cover your Protected Area, and you will pay for your proportionate share of the cost for the directory advertising or other similar publication. Directory advertising costs must be paid in addition to the amounts payable to the Fund, but will count towards your own, local advertising requirements.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook or Twitter) without our prior written approval and you must follow our social media requirements as set forth in the Operations Manual.

We maintain and control the web site www.redknight.com and other related domains. We may provide contact information for Franchised Businesses and RedKnight Businesses, including your Franchised Business, on one or more of our websites for so long as we determine. We will also own an Internet domain name for your Franchised Business and will provide you a Website template for you to populate with your own information. You are responsible for the cost to optimize this website for search engines. All of the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Operations Manual, which may restrict the content that you are permitted to post to the social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Franchised Business. Except as otherwise provided in the Operations Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

You are not required to participate in any local or regional advertising cooperative. No such cooperatives exist at this time. We do not have the power to require franchisees to form, change, dissolve or merge cooperatives.

We may, on occasion, solicit input from franchisees regarding advertising programs and policies, but there is no formal advertising council as of the issuance date of this disclosure document.

Computer Hardware and Software

You must purchase or use computer systems that we require. The following is the minimum hardware configuration for one Franchised Business: (a) a smart phone with a data plan; (b) a laptop or computer; and (c) a printer/fax/scanner/copier. You may acquire additional hardware and functionality if you choose to do so. You must also obtain the accounting software, word processing software and customer relations management software that we designate in the Operations Manual. The computer systems will or may store or generate information relating to: (a) your bookkeeping and accounting, (b) customer contact information, order history, proofs and payment information, (c) advertising materials and expenditures, and (d) other information relating to your business that we deem necessary or advisable for the development or operation of the System.

We estimate the cost to obtain this computer hardware and software will be between $2,000 and $4,150. In the future, we may require you to change, upgrade or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. The estimated annual cost to perform these updates is between $0 and $2,000 per year. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require to regulate the use of the software (Franchise Agreement – Section 3.B.).

We will have independent access to information or data in your computer system. There is no contractual limitation on our ability to require you to grant us independent access to your computer system or on our use of the information we obtain from you.

Training

Before the opening of your Franchised Business, we will provide you and up to one other person (typically another owner or a marketing director) an initial training program which you must complete to our satisfaction. You must attend training within six weeks of execution of the Franchise Agreement. You must pay for the compensation, travel, lodging and living expenses of you and any other personnel incurred while attending the initial training program or any supplemental or refresher training programs. The training lasts approximately one week, Monday through Friday, including at least seven (7) hours per day of instruction, at the corporate office in Montgomeryville, Pennsylvania or another location that we designate. We schedule training as needed and plan to offer initial training programs four (4) times per year. The Operations Manual will be used as instructional material, along with hands-on training, consisting of observation, role-play, and visual instruction (Franchise Agreement – Section 4.A.).

In addition, within the first 30 days of operation and after you have completed all training requirements, we will provide up to two days of market support. (Franchise Agreement – Section 4.B.).

After the opening of your Franchised Business, we will provide additional training for a fee of $500 per person, per day, plus expenses. We have discretion as to frequency and time of the training and have the right to assess you a reasonable fee for this training. We have the right to require that you (or a managing partner, shareholder or managing member) and any manager or assistant managers attend supplemental and refresher training programs during the term of the Franchise Agreement, at a time and place which we designate. We also have the right to assess you reasonable charges for any supplemental or refresher training we provide (Franchise Agreement – Section 4.A.).

Gudmundur "Gummi" Sigurdarson and Karen Jett will oversee initial training, their background can be found in Item 2 of this Disclosure Document. Trainees are expected to read and have completed a thorough review of the Operations Manual prior to attending training. Training will be based on the Operations Manual in a classroom format, along with hands-on instruction and role playing covering management, sales and procedures for operating the business as per this chart:

TRAINING PROGRAM

Subject	Hours Classroom Training	Hours On The Job Training	Location
Welcome & Overview: Our Brand History, Mission and Vision	1	0	Montgomeryville, PA (or other location we designate)
Personnel: Staffing, Recruiting and Developing Staff for Business Growth	1	0	Montgomeryville, PA (or other location we designate)
Software: Overview of Management Software, Setting Up and Using our CRM	2	2	Montgomeryville, PA (or other location we designate)
Marketing: Brand Standards, Advertising Programs, Utilizing the Brand Assets	2	4	Montgomeryville, PA (or other location we designate)
Sales: Client Outreach, Prospecting, Presentation of Design and Marketing Services, and Contracts	5	6	Montgomeryville, PA (or other location we designate)
Operations: Daily Procedures, Client On-boarding, Client Support and Meetings	2	6	Montgomeryville, PA (or other location we designate)
Financial Management: Billing, Franchise Reporting and Royalties	2	1	Montgomeryville, PA (or other location we designate)
Launch: Planning Your Market Launch and Starting Operations	2	0	Montgomeryville, PA (or other location we designate)
HOURS	**17**	**19**	
TOTAL HOURS	**36**		

Following completion of pre-opening training, we will evaluate business readiness and authorize the business launch or identify additional training required. We evaluate pre-opening networking/marketing, daily operations, use of software and client relationship management (CRM), billing and reporting.

ITEM 12. TERRITORY

Protected Area

The Franchise Agreement grants you certain territorial rights, and these rights are determined at the time of the execution of the Franchise Agreement ("Protected Area") to operate a RedKnight Business from a single location (which must be approved by us) within the Protected Area. The size of the Protected Area will vary depending upon demographics and population. The Protected Area will consist of the smaller of (a) an 8-mile radius surrounding the Franchised Business or (b) 15,000 businesses. The Protected Area size may vary based on natural boundaries and population density. The Protected Area for your Franchised Business will be identified on Schedule One of your Franchise Agreement. We currently use data sets such as those available by PBM and on realdatasets.com to determine the number of businesses operating within a certain radius.

So long as the Franchise Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, operate, or grant a franchise for another Franchised Business or a corporate or affiliate owned RedKnight Business within your Protected Area.

Our Reserved Rights

Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Franchised Businesses, RedKnight Businesses, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Franchised Businesses/RedKnight Businesses immediately adjacent to your Protected Area or anywhere outside of your Protected Area; (2) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, print catalogues and direct marketing media) both inside and outside of your Protected Area using the Marks; (3) the right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; (4) to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Businesses/RedKnight Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Protected Area); and (5) sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party, may go public, may engage in a private placement of some or all of our securities, may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. We are not required to pay you if we exercise any of the rights specified above inside your Protected Area. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in the marketing, graphic design, and/or the website design industry.

We (or our affiliates) may do business within the Protected Area for National Accounts. A "National Account" means those customers (excluding Franchise Systems, as defined below), with more than one (1) location covered by an agreement for services which are not located solely in the area of one franchisee. If you obtain an account that is considered a National Account, you must refer it to us and it will be treated as a National Account; but, we reserve the absolute right to reject any such account for any reason. National Accounts will be negotiated solely by us or our affiliates, even if you procure the National Account. All National Accounts will be our property. If one or more locations of a National Account fall within your Protected Area, we will first offer you the opportunity to provide services on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you do not accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other RedKnight Businesses, to provide services. But, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account. In addition, we retain the exclusive right to provide services to networks of independent businesses operating under a common brand ("Franchise Systems"), for which the services to be provided to each independent must be uniform within the Franchise System.

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 we control.

We have not established and do not operate, and have not formulated any plans or policies to establish or operate, or to franchise others to operate, any business offering services similar to or competitive with those to be offered for sale by your Franchised Business under different trade names or trademarks, or of selling other services or products utilizing the Marks, but we retain the right to do so.

Minimum Gross Revenues Requirements

In order to maintain your Protected Area, you are required to achieve a minimum of $150,000 in annual Gross Revenues, beginning in your third year of operation. This minimum sales requirement is not required during years one or two of operation. If you do not achieve the minimum sales requirement, then we may reduce your Protected Area and/or remove any exclusive rights you have to the Protected Area.

Marketing and Servicing Outside the Protected Area

You may not market or solicit business outside of your Protected Area, however, you may service clients outside your Protected Area so long as such clients do not learn of your Franchised Business from improper marketing or soliciting in violation of your Franchise Agreement.

Relocation

The Franchised Business granted to you will be for a single specific location within your Protected Area. You cannot relocate your office without notifying us in advance. When considering your request to relocate, we consider the population density in the area, traffic patterns, walking traffic, proximity to other business locations and the like. We do not grant any right of first refusal or similar rights to acquire additional franchises.

Additional Rights

Continuation of your franchise or territorial rights depends on your achieving a certain sales volume, but does not depend on achieving a certain market penetration or other contingency.

ITEM 13. TRADEMARKS

We grant you the right to operate your Franchised Business under the Marks. The principal Marks are registered by our affiliate, RedKnight Marketing Inc., with the U.S. Patent and Trademark Office ("USPTO") on the Principal Register as follows:

Mark	Registration Date	Registration Number
REDKNIGHT MARKETING	May 1, 2012	4,135,469
REDKNIGHT	January 18, 2022	6,618,104

Our affiliate has filed all required affidavits and renewals for these Marks.

Under a license agreement with our affiliate dated April 1, 2021, our affiliate has licensed us to use the Marks and to sublicense the Marks to our franchisees to use in operating Franchised Businesses. The license agreement has an unlimited term of years, but either we or our affiliate may terminate it with 30 days' notice to the other if there is a default which is not cured. However, if there is a default that is not cured under the license agreement and the agreement is terminated, our affiliate will still allow you to use the Marks until the end of the term and any renewal term of your Franchise Agreement.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks in connection with the Franchised Business. You must follow our rules when you use the Marks, including giving proper notices of trademark or service mark ownership and/or registration and obtaining assumed and fictitious name registration for your Franchised Business as required by law. You cannot use any 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 the Marks in connection with the sale of an unauthorized product or service, in a manner not authorized in writing by us, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

Our affiliate has entered into a trademark consent agreement dated August 18, 2021 with Red Knight, LLC ("RK Texas"), a Texas limited liability company providing information system security services. Under the terms of the trademark consent agreement, our affiliate and RK Texas have: (a) agreed that neither party is aware of any actual confusion between the companies' respective marks and their respective services, (b) agreed that both parties agree to use their respective marks in a manner calculated to avoid confusion, including correcting and instances of confusion that may come to their attention, and (c) consented to, and agreed not to oppose or continue to oppose, the registration of the registration of the other's marks for the services they offer. The trademark consent agreement is perpetual and does not provide for cancelation or termination. Because the Franchised Businesses/RedKnight Businesses will not offer information system security services, we do not expect the trademark consent agreement's terms will affect you.

There are no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the trademarks.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending material litigation involving the Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We have the sole right to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance and take any action that may be necessary or advisable to protect and maintain our and our affiliates' interest in any litigation or other proceeding or otherwise to protect and maintain our or our affiliates' interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes we require of you at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no special patents which pertain to the Franchise Agreement.

We or our affiliates claim common law copyright rights in the Manual, sales material and brochures and related items used in operating the Franchised Business. You may use these items while operating your Franchised Business (and must stop using them if we direct you to stop).

Neither we nor any of our affiliates have filed an application for a copyright registration with the U.S. Registrar of Copyrights for these materials, but need not do so at this time to protect them. Item 11 describes limitations on the use of the Operations Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information.

We are not obligated to take any action to protect or defend copyrights, although we intend to do so if we decide it is necessary. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a Franchised Business, are proprietary, confidential trade secrets belonging to us or our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason. The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning a Franchised Business, 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 deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

Further, according to the Franchise Agreement, you agree that you will not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Franchised Business) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You must also agree not to use our confidential information in an unauthorized manner and to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement. We may regulate the form of confidentiality agreement that you use with your employees or agents and we will be a third party beneficiary of those agreements with independent enforcement rights.

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

Your Franchised Business must at all times be under your direct supervision (or if you are a partnership, corporation or limited liability company, a managing partner, shareholder or managing member who we approve and who satisfactorily completes our training program) or a manager who we approve and who satisfactorily completes our training program. If a manager supervises your Franchised Business, you (or the managing partner, shareholder or managing member) must remain active in overseeing the operations of the business which the manager conducts.

If you are a corporation, limited liability company or partnership, your owners and their respective spouses must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations including the covenant not to compete. The guarantee is attached to the Franchise Agreement. You must have any of your employees, agents, or contractors who will have access to confidential information (for example, a manager) must sign a non-disclosure agreement in a form approved by us.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

In the operation of your Franchised Business, you must offer for sale only those products and services as we, in our sole discretion, determine to be appropriate for a Franchised Business. You are required to sell all goods and services we approve and offer unless otherwise approved by us in writing. The products and services are set forth in the Operations Manual and may be modified from time to time, in our sole discretion. There is no restriction on the customers to whom you may provide services, but you may not market your RedKnight Business outside of the Protected Area.

We may periodically conduct market research and testing to determine consumer trends and the salability of marketing products and services. You must cooperate by participating in our market research programs, test marketing new products and services in your Franchised Business and providing us with timely reports and other relevant information regarding market research. In connection with any test marketing, you must purchase a reasonable quantity of the products and effectively promote and make a best effort to sell products. You may not, without prior written approval, offer any products or services not then authorized by us.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Term of the franchise	Section 2	10 years
b. Renewal or extension of the term	Section 15	One additional term of 10 years.
c. Requirements for you to renew or extend	Section 15	"Renewal" of your franchise means that you and we enter into a new Franchise Agreement for an additional 10-year term. To renew your franchise, you must: (i) give notice; (ii) have complied with your Franchise Agreement during the term; (iii) maintain possession of the premises; (iv) have paid all sums owed to us, our affiliates and any suppliers; (iv) pay a renewal fee; (v) execute our then-current Franchise Agreement (which may have materially different terms than your original Franchise Agreement); and (vi) execute a general release.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 16	We may terminate Franchise Agreement only if you default in performance under the terms of Franchise Agreement.
g. "Cause" defined - defaults which can be cured	Section 16	We may terminate the Franchise Agreement, after providing you with notice and an opportunity to cure, if you commit the following defaults: (i) failure to open or complete training; (ii) failure to pay amounts owed to us; (iii) violation of applicable laws; (iv) failure to maintain required insurance; (v) violation of restrictive covenants; or (vi) failure to comply with any other provision of the Franchise Agreement.

PROVISION		SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h.	"Cause" defined - defaults which cannot be cured	Section 16	We may terminate the Franchise Agreement immediately, without providing you with a period to cure, for the following defaults: (i) failure to submit required reports 3 or more times in any 12 month period; (ii) bankruptcy; (iii) felony conviction; (iv) material misrepresentations; (v) abandonment; (vi) unauthorized use of the Marks; or (vii) unauthorized transfer.
i.	Your obligations on termination/ nonrenewal	Section 17	Upon termination or non-renewal you must: (i) pay all amounts owed; (ii) discontinue use of the Marks; (iii) return Confidential Information; (iv) comply with all post-term non-competition covenants.
j.	Assignment of contract by us	Section 14	No restriction on our right to assign.
k.	"Transfer" by you- definition	Section 14	Includes transfer of contract or assets or ownership change, transfer of any interest in Franchisee or Franchised Business.
l.	Our approval of transfer by franchisee	Section 14	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Section 14	Transfer conditions include the following: (i) all of your obligations are satisfied; (ii) you have paid all amounts owed; (iii) transferee completes training; (iv) lessor, if applicable, consents to transfer of lease; (v) transferee executes an assignment agreement and our then-current Franchise Agreement; (vi) you or transferee pays a transfer fee; (vii) you execute a general release; (viii) we approve the material terms of the assignment agreement; and (ix) you agree to subordinate your rights to us. These conditions are subject to state law.
n.	Our right of first refusal to acquire your business	Section 14	We can match any offer to purchase your business.
o.	Our option to purchase your business	Section 17	In case of termination or nonrenewal, we may purchase assets at book value minus liens and other debts
p.	Your death or disability	Section 14	Franchise must be assigned by estate to an approved buyer in 6 months.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 13	No involvement in competing business anywhere in U.S. Subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13 and 17	No competing business for 2 years within 25 miles of your Protected Area and or any other RedKnight business (including Franchised Businesses and any corporate or affiliate owned RedKnight Business). Subject to state law.
s. Modification of the agreement	Section 18	No modification generally except in writing but Operations Manual and System subject to change
t. Integration/merger clause	Section 18	Only terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	Section 18	Litigation must be in Montgomery County, Pennsylvania. Subject to state law.
w. Choice of law	Section 18	Pennsylvania law applies. Subject to state law.

ITEM 18. PUBLIC FIGURES

We do not use any public figure 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.

The Financial Performance Representation in this Item is derived from the historical performance of one outlet owned and operated by our affiliate, RedKnight Print (the "Affiliate Owned Outlet"), which is located in Montgomeryville, Pennsylvania. The goods and services provided by the Affiliate Owned Outlet include all of the "Services" to be provided by a Franchised Business and also include additional services that a Franchised Business will not provide. For that reason, only earnings and cost information associated with services similar to the Services (to be provided by a Franchised Business) were included in this Item 19.

Some outlets have earned this much. Your individual results may differ. There is no assurance that you'll earn as much.

This Affiliate Owned Outlet has been in continuous operation since April 2014. The financial information included in this Item 19 for the Affiliate Owned Outlet is based upon its internal financial statements. The information has not been audited or independently verified. Written substantiation of the data used in procuring this information will be made available upon reasonable request.

Part 1: Financial Performance in 2024

Table I below represents the Gross Revenues and certain expenses of the Affiliate Owned Outlet from the measurement period beginning January 1, 2024 and ending December 31, 2024.

TABLE I
Gross Revenues and Certain Expenses
January 1 – December 31, 2024

		% of Gross Revenues
Gross Revenues		
Print Services	$ 6,983	
Services	$207,278	
Pass Through Billing	$ 6,781	
Consulting	$ 15,156	
Total Gross Revenues	$236,198	100.0%
Cost of Goods Sold		
Print Services	$ 4,245	
Services	$ 95,557	
Pass Through Billing	$ 5,889	
Total Cost of Goods Sold	$105,691	44.7%
Gross Revenues Less Cost of Goods Sold	$130,507	55.3%
Certain Expenses		
Networking Expense	$ 3,110	
Vehicle Maintenance	$ 3,294	
Telephone	$ 1,070	
Office Supplies	$ 201	
Insurance	$ 4,281	
Merchant (Credit Card) Fees	$ 2,496	
All Other Expenses	$ 8,251	
Total Expenses	$ 22,703	9.6%
Franchise Costs Not Incurred by Affiliate Owned Outlet		
Royalty	$ 9,177	
Brand Development Fund	$ 4,588	

Total Gross Revenues Less Costs of Goods Sold, Expenses and Franchise Costs	$ 94,039	39.8%

Part 2: Financial Performance in 2022, 2023 and 2024

Tables II, III, IV, and V below represent the Gross Revenues and certain expenses of the Affiliate Owned Outlet by quarter from January 1, 2024 through December 31, 2024 compared to the same periods in 2022 and 2023. Table VI below represents the cumulative Gross Revenues and certain expenses of the Affiliate Owned Outlet for the entire year of 2024 compared to the entire years of 2022 and 2023.

TABLE II
Gross Revenues and Certain Expenses
January 1 – March 31
2024/2023/2022

	2024	**2023**	**2022**
Gross Revenues			
Print Services	$ 1,531	$ 7,597	$ 2,870
Services	$ 47,550	$ 18,308	$ 25,262
Pass Through Billing	$ 2,510	$ 1,182	$ 1,457
Consulting	$ 150	$ 17,775	$ 17,462
Total Gross Revenues	$ 51,741	$ 44,862	$ 47,051
Cost of Goods Sold for Services			
Print Services	$ 961	$ 4,399	$ 1,932
Services	$ 22,458	$ 10,732	$ 12,847
Pass Through Billing	$ 2,767	$ 1,541	$ 1,377
Total Cost of Goods Sold	$ 26,186	$ 16,672	$ 16,156
Gross Revenues Less Cost of Goods Sold	$ 25,555	$ 28,190	$ 30,895
Certain Expenses			
Networking Expense	$ 733	$ 1,053	$ 1,324
Vehicle Maintenance	$ 588	$ 766	$ 274
Telephone	$ 268	$ 267	$ 268
Office Supplies	$ 50	$ 51	$ 53
Insurance	$ 1,109	$ 1,644	$ 0
Merchant (Credit Card) Fees	$ 514	$ 485	$ 279
All Other Expenses	$ 697	$ 312	$ 1,662
Total Expenses	$ 3,959	$ 4,578	$ 3,860
Franchise Costs Not Incurred by Affiliate Owned Outlet			
Royalty	$ 1,969	$ 1,747	$ 1,824
Brand Development Fund	$ 985	$ 874	$ 912

Total Gross Revenues Less Costs of Goods Sold, Expenses and Franchise Costs	$ 18,642	$ 20,991	$ 24,299

TABLE III
Gross Revenues and Certain Expenses
April 1 – June 30
2024/2023/2022

	2024	**2023**	**2022**
Gross Revenues			
Print Services	$ 2,337	$ 2,366	$ 4,412
Services	$ 48,605	$ 48,954	$ 27,150
Pass Through Billing	$ 1,747	$ 1,133	$ 795
Consulting	$ 250	$ 1,000	$ 375
Total Gross Revenues	$ 52,939	$ 53,453	$ 32,732
Cost of Goods Sold for Services			
Print Services	$ 1,364	$ 1,443	$ 2,741
Services	$ 21,706	$ 22,006	$ 14,536
Pass Through Billing	$ 1,338	$ 1,178	$ 818
Total Cost of Goods Sold	$ 24,408	$ 24,627	$ 18,095
Gross Revenues Less Cost of Goods Sold	$ 28,531	$ 28,826	$ 14,637
Certain Expenses			
Networking Expense	$ 846	$ 1,065	$ 595
Vehicle Maintenance	$ 528	$ 794	$ 306
Telephone	$ 267	$ 267	$ 268
Office Supplies	$ 50	$ 50	$ 50
Insurance	$ 1,982	$ 788	$ 2,760
Merchant (Credit Card) Fees	$ 646	$ 460	$ 316
All Other Expenses	$ 3,552	$ 2,959	$ 999
Total Expenses	$ 7,871	$ 6,383	$ 5,294
Franchise Costs Not Incurred by Affiliate Owned Outlet			
Royalty	$ 2,048	$ 2,093	$ 1,277
Brand Development Fund	$ 1,024	$ 1,046	$ 639
Total Gross Revenues Less Costs of Goods Sold, Expenses and Franchise Costs	$17,588	$19,304	$ 7,427

TABLE IV
Gross Revenues and Certain Expenses
July 1 – September 30
2024/2023/2022

	2024	**2023**	**2022**
Gross Revenues			
Print Services	$ 606	$ 5,162	$ 4,994
Services	$50,327	$48,619	$37,826
Pass Through Billing	$ 1,294	$ 1,285	$ 1,412
Consulting	$ 375	$ 500	$ 1,150
Total Gross Revenues	$52,602	$55,566	$45,382
Cost of Goods Sold for Services			
Print Services	$ 370	$ 3,335	$ 2,413
Services	$24,472	$21,174	$18,353
Pass Through Billing	$ 1,523	$ 1,287	$ 1,427
Total Cost of Goods Sold	$26,365	$25,796	$22,193
Gross Revenues Less Cost of Goods Sold	$26,237	$29,770	$23,189
Certain Expenses			
Networking Expense	$ 518	$ 710	$ 662
Vehicle Maintenance	$ 1,112	$ 1,037	$ 399
Telephone	$ 267	$ 268	$ 267
Office Supplies	$ 50	$ 50	$ 49
Insurance	$ 598	$ 851	$ 0
Merchant (Credit Card) Fees	$ 662	$ 606	$ 329
All Other Expenses	$ 1,099	$ 5,417	$ 3,141
Total Expenses	$ 4,306	$ 8,939	$ 4,847
Franchise Costs Not Incurred by Affiliate Owned Outlet			
Royalty	$ 2,052	$ 2,171	$ 1,759
Brand Development Fund	$ 1,026	$ 1,086	$ 879
Total Gross Revenues Less Costs of Goods Sold, Expenses and Franchise Costs	$18,853	$17,574	$15,704

TABLE V
Gross Revenues and Certain Expenses
October 1 – December 31
2024/2023/2022

	2024	**2023**	**2022**
Gross Revenues			
Print Services	$ 2,509	$ 1,604	$ 3,082
Services	$60,796	$38,210	$39,790
Pass Through Billing	$ 1,230	$ 1,185	$ 1,269

Consulting	$14,381	$ 4,125	$ 1,250
Total Gross Revenues	$78,916	$45,124	$45,391
Cost of Goods Sold for Services			
Print Services	$ 1,550	$ 695	$ 1,858
Services	$26,921	$18,736	$19,891
Pass Through Billing	$ 261	$ 1,785	$ 865
Total Cost of Goods Sold	$28,732	$21,216	$22,614
Gross Revenues Less Cost of Goods Sold	$50,184	$23,908	$22,777
Certain Expenses			
Networking Expense	$ 1,013	$ 1,458	$ 1,746
Vehicle Maintenance	$ 1,066	$ 1,438	$ 548
Telephone	$ 268	$ 267	$ 267
Office Supplies	$ 51	$ 54	$ 52
Insurance	$ 592	$ 539	$ 1,611
Merchant (Credit Card) Fees	$ 674	$ 468	$ 311
All Other Expenses	$ 2,903	$ 515	$ 164
Total Expenses	$ 6,567	$ 4,739	$ 4,699
Franchise Costs Not Incurred by Affiliate Owned Outlet			
Royalty	$ 3,107	$ 1,758	$ 1,765
Brand Development Fund	$ 1,554	$ 879	$ 882
Total Gross Revenues Less Costs of Goods Sold, Expenses and Franchise Costs	$38,956	$16,533	$15,431

TABLE VI
Gross Revenues and Certain Expenses
January 1 – December 31
2024/2023/2022

	2024	2023	2022
Gross Revenues			
Print Services	$ 6,983	$ 16,729	$ 15,358
Services	$207,278	$154,091	$130,028
Pass Through Billing	$ 6,781	$ 4,785	$ 4,933
Consulting	$ 15,156	$ 23,400	$ 20,237
Total Gross Revenues	$236,198	$199,005	$170,556
Cost of Goods Sold for Services			
Print Services	$ 4,245	$ 9,872	$ 8,944
Services	$ 95,557	$ 72,648	$ 65,627
Pass Through Billing	$ 5,889	$ 5,791	$ 4,487
Total Cost of Goods Sold	$105,691	$ 88,311	$ 79,058

Gross Revenues Less Cost of Goods Sold	$130,507	$110,694	$ 91,498
Certain Expenses			
Networking Expense	$ 3,110	$ 4,286	$ 4,327
Vehicle Maintenance	$ 3,294	$ 4,035	$ 1,527
Telephone	$ 1,070	$ 1,069	$ 1,070
Office Supplies	$ 201	$ 205	$ 204
Insurance	$ 4,281	$ 3,822	$ 4,371
Merchant (Credit Card) Fees	$ 2,496	$ 2,019	$ 1,235
All Other Expenses	$ 8,251	$ 9,203	$ 5,966
Total Expenses	$ 22,703	$ 24,639	$ 18,700
Franchise Costs Not Incurred by Affiliate Owned Outlet			
Royalty	$ 9,177	$ 7,769	$ 6,625
Brand Development Fund	$ 4,588	$ 3,884	$ 3,312
Total Gross Revenues Less Costs of Goods Sold, Expenses and Franchise Costs	$ 94,039	$ 74,402	$ 62,861

<u>Notes to All Tables</u>

1. The goods and services provided by the Affiliate Owned Outlet include all of the "Services" to be provided by a Franchised Business and also include additional services that a Franchised Business will not provide. For that reason, only earnings and cost information associated with services similar to the Services (to be provided by a Franchised Business) were included in this Item 19. See Notes 3 and 6.
2. The results above represent the performance of our Affiliate Owned Outlet located in a suburban area of southeastern Pennsylvania during the specified measurement periods. The market where your outlet is located, however, may differ.
3. "Gross Revenues" means the total amount collected based on all sales of the Services sold from, through or in connection with the Affiliate Owned Outlet, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes, and less bona fide refunds to customers and customer discounts, and less any sales tax collected on behalf of taxing authorities. For purposes of this Item 19, certain revenues of the Affiliate Owned Outlet were excluded because they were not earned in connection with the "Services" that a Franchised Business would provide. For example, the Affiliate Owned Outlet performs large-scale printing and blueprinting. Neither of these services are part of the "Services" to be offered by a Franchised Business, so the earnings associated with those services were excluded.
4. "Print Services" refers to tangible printed products sold to the customer.
5. "Services" refers to non-tangible services such as website design and social media management provided to the customer.
6. "Pass Through Billing" refers to Gross Revenues from pass-through of costs invoiced to customers for advertising, postage and related third-party expenses paid on the customers' behalf. This category is a pass-through of expenses without markup, and is excluded from the definition of Gross Revenues for the purpose of calculating Royalties due.
7. "Cost of Goods Sold for Services" is the direct cost associated with generation of the Gross Revenues for the sale of Services. For purposes of this Item 19, certain costs of the Affiliate Owned Outlet were excluded because they were not expended in connection with the "Services" that a Franchised

Business would provide. For example, the Affiliate Owned Outlet performs large-scale printing and blueprinting. Neither of these services are part of the "Services" to be offered by a Franchised Business, so the costs associated with those services were excluded.

8. "Networking Expense" means the costs associated with membership in business networking groups and participation in business networking events for purposes of promoting the Affiliate Owned Outlet.
9. Our Affiliate Owned Outlet does not operate as a Franchised Business, so it is not subject to some of the fees that you will be required to pay as part of your Franchise Agreement. Specifically, you will be required to pay a Royalty and contribute to the Brand Fund, which are fees that our Affiliate Owned Outlet did not incur. These franchise-related costs are calculated to represent the amount that our Affiliate Owned Outlet would have paid if it were operating pursuant to a Franchise Agreement. See Item 6 for details regarding these franchise-related fees.

Other than the 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 Gudmundur "Gummi" Sigurdarson, 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936, 215-368-8900, the Federal Trade Commission, and the appropriate state agency.

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	0	0
	2024	0	0	0
Affiliate- Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

Table No. 2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table No. 4
Status of Affiliate-Owned Outlets*
For years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Pennsylvania	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Pennsylvania	0	1	0
Total	0	1	0

Exhibit E lists the names, addresses and telephone numbers of all of our operating franchisees. Exhibit E also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our 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.

During the last three fiscal years, we have not signed confidentiality clauses with any former franchisees which would restrict them from speaking openly with you about their experience with us. There are no trademark-specific franchisee organizations associated with the franchise system at this time.

ITEM 21. FINANCIAL STATEMENT

Exhibit A contains our audited financial statements for the years ending December 31, 2022, December 31, 2023 and December 31, 2024.

ITEM 22. CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B – Franchise Agreement
Exhibit G – Release

ITEM 23. RECEIPT

The final pages of this Disclosure Document (Exhibit I of the Disclosure Document) are detachable receipt pages acknowledging your receipt of the Disclosure Document. If these pages, or any other pages or exhibits are missing from your copy, please notify us immediately. You should sign both copies of the receipt. You should retain one signed copy for your records and return the other signed copy to: Gudmundur "Gummi" Sigurdarson, 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936, 215-368-8900.

EXHIBIT A
FINANCIAL STATEMENTS

REDKNIGHT FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024

REDKNIGHT FRANCHISE, LLC

TABLE OF CONTENTS

REESE CPA LLC

Independent Auditor's Report

To the Member
RedKnight Franchise, LLC
Colmar, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of RedKnight Franchise, LLC as of December 31, 2024, and 2023 and the related statements of operations, member's equity, and cash flows for the years ended December 31, 2024, 2023, and 2022, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RedKnight Franchise, LLC as of December 31, 2024, and 2023 and the results of their operations and their cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RedKnight Franchise, LLC 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 RedKnight Franchise, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528
Office: (303) 999-6485

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 RedKnight Franchise, LLC'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 RedKnight Franchise, LLC'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.

Reese CPA LLC

Ft. Collins, Colorado
January 28, 2025

REDKNIGHT FRANCHISE, LLC
BALANCE SHEETS

	AS OF DECEMBER 31, 2024		AS OF DECEMBER 31, 2023	
ASSETS:				
CURRENT ASSETS				
Cash and equivalents	$	1,251	$	1,441
TOTAL CURRENT ASSETS		1,251		1,441
NON-CURRENT ASSETS				
Intangible assets, net		49,500		49,500
TOTAL ASSETS	$	50,751	$	50,941
LIABILITIES AND MEMBER'S EQUITY:				
CURRENT LIABILITIES				
Accounts payable, related party		18,579		16,468
TOTAL CURRENT LIABILITIES		18,579		16,468
NON-CURRENT LIABILITIES				
TOTAL LIABILITIES		18,579		16,468
MEMBER'S EQUITY		32,172		34,473
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	50,751	$	50,941

The accompanying notes are an integral part of these financial statements.

REDKNIGHT FRANCHISE, LLC
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	**2023**	**2022**
REVENUES	$ -	$ -	$ -
OPERATING EXPENSES			
Advertising and promotion	5,601	3,463	7,639
Professional fees	800	1,250	1,000
General and administrative	100	400	100
TOTAL OPERATING EXPENSES	6,501	5,113	8,739
OPERATING (LOSS)	(6,501)	(5,113)	(8,739)
OTHER INCOME (EXPENSE)	-	-	-
NET (LOSS)	$ (6,501)	$ (5,113)	$ (8,739)

The accompanying notes are an integral part of these financial statements.

REDKNIGHT FRANCHISE, LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDING DECEMBER 31, 2024, 2023 AND 2022

	Member Contributions	Accumulated (Deficit)	Total Member's Equity
BALANCE, DECEMBER 30, 2021	**$ 81,151**	**$ (39,326)**	**$ 41,825**
Member contributions	2,700	-	2,700
Net (loss)	-	(8,739)	(8,739)
BALANCE, DECEMBER 30, 2022	**83,851**	**(48,065)**	**35,786**
Member contributions	3,800	-	3,800
Net (loss)	-	(5,113)	(5,113)
BALANCE, DECEMBER 30, 2023	**87,651**	**(53,178)**	**34,473**
Member contributions	4,200	-	4,200
Net (loss)	-	(6,501)	(6,501)
BALANCE, DECEMBER 30, 2024	**$ 91,851**	**$ (59,679)**	**$ 32,172**

The accompanying notes are an integral part of these financial statements.

REDKNIGHT FRANCHISE, LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ (6,501)	$ (5,113)	$ (8,739)
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash member contributions	4,200	3,800	2,700
Changes in assets and liabilities:			
Accounts payable	2,111	913	7,639
Accrued liabilities	-	-	(1,879)
Prepaid expense	-	-	-
Net cash (used in) provided by operating activities	(190)	(400)	(279)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	-	-	-
Net cash used for investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	-	-	-
Net cash provided by financing activities	-	-	-
NET INCREASE IN CASH	(190)	(400)	(279)
CASH, BEGINNING	1,441	1,841	2,120
CASH, ENDING	$ 1,251	$ 1,441	$ 1,841
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

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NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RedKnight Franchise, LLC ("Company") was formed on December 15, 2020, (Inception) in the State of Pennsylvania as a limited liability company. The Company grants franchises for the right to operate a business that provides marketing, website design, graphic design, social media management and search engine optimization services to business customers using the RedKnight Marks and System.

Affiliates

RedKnight Marketing, Inc. was incorporated on April 21, 2011, in the state of Pennsylvania and owns the trademarks and intellectual property associated with the system ("Marks and System"). RedKnight Marketing, Inc. has granted the Company and its franchisees the rights to use the Marks and System.

GDK Marketing, LLC was formed on January 1, 2006, in the state of Pennsylvania as a limited liability company and provides services to the System related to hosting and email support, support of websites and managing all servers.

RedKnight Print, LLC was formed on April 17, 2014, in the state of Pennsylvania as a limited liability company and has operated a business similar to the business being offered since 2014.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

A summary of significant accounting policies follows:

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2024, and 2023 and did not charge off any accounts receivable during the years ended December 31, 2024, 2023, and 2022.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment as of December 31, 2024, and 2023.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes

The member of the Company has elected to be taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its member and no provisions for federal or state taxes have been recorded on the accompanying balance sheets.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s member. The Company’s evaluation was performed for the years ended December 31, 2024, 2023, and 2022 for U.S. Federal Income Tax and for the State of Pennsylvania Income Tax.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years. The Company had no revenue from initial fees for the years ended December 31, 2024, 2023, and 2022.

When a franchisee purchases a RedKnight franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and are 4% of gross revenue or a minimum of $125 bi-monthly after 90 days of operation. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed bi-monthly and are recognized as revenue when earned. The Company has no revenue from royalties for the years ended December 31, 2024, 2023, and 2022.

Brand Development Fund Contribution

The Company has the right to collect a brand development fund fee of up to 3% of the gross revenues of each franchise location. The Company had no contributions to the fund for the years ended December 31, 2024, 2023, and 2022.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2024, 2023, and 2022, was $5,601, $3,463, and $7,639, respectively.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

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NOTE 2 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	2024	2023
Franchise development costs	$ 49,500	$ 49,500
Accumulated amortization	-	-
	$ 49,500	$ 49,500

Amortization expense for the years ended December 31, 2024, 2023, and 2022, was $0, $0, and $0. Amortization of these costs will begin with the first franchise sale. Estimated amortization expense for the next five succeeding years is expected to be approximately $9,900 per year.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through January 28, 2025, the date on which the financial statements were available to be issued.

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EXHIBIT B
FRANCHISE AGREEMENT

REDKNIGHT FRANCHISE, LLC
FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

REDKNIGHT FRANCHISE, LLC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____________, 20____, by and between RedKnight Franchise, LLC, a limited liability company formed and operating under the laws of the Commonwealth of Pennsylvania and having its principal place of business at 587 Bethlehem Pike Suite 700 Montgomeryville, PA 18936 ("Franchisor") and ______________________________________ formed and operating under the laws of the State of ___________________, or _________________________________, an individual, and having its principal place of business at ____ ("you" or the "Franchisee").

1. PREAMBLES

WHEREAS, Franchisor is in the business of granting franchises to operate a business that offers and sells marketing services, website design services, graphic design, social media management services, search engine optimization services, and related services that may be permitted and/or required to operate the Franchised Business (the "Services") utilizing the Marks (as defined below) and the System (as defined below). Franchisor reserves the right to modify, change and add to the Services, from time to time, and the right to include the sale of certain products in connection with the provision of such Services. "Marks" means the service marks, trademarks, trade dress, trade names and copyrights and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Franchised Business (defined below). Currently, the Marks include the marks listed on Exhibit A to this Agreement, which may be modified from time to time by Franchisor in writing or in the Operations Manual. "System" means the specially developed method of operating a business that provides the Services, under the Marks, using certain business formats, methods, procedures designs, marketing and sales procedures, standards and specifications which may be changed, improved, modified and further developed by us or our affiliates from time to time.

WHEREAS, Franchisor grants to persons who meet its qualifications and who are willing to undertake the investment and effort to establish and develop a franchise to own and operate a business, offering the Services under the Marks and System under the terms of this Agreement ("Franchised Business"). References to "RedKnight Business" means any business operating under the Marks and the System regardless of whether it is operated by a licensee, franchisee, affiliate or Franchisor. RedKnight Business may also include businesses operated by Franchisor and its affiliates.

WHEREAS, you acknowledge that you have read this Agreement and the Franchise Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all RedKnight Businesses in order to protect and preserve the goodwill of the Marks and the System.

WHEREAS, you acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a RedKnight Business may evolve and change over time, that an investment in a RedKnight Business involves business risks, and that the success of the venture is dependent upon your business abilities and efforts.

WHEREAS, Franchisor expressly disclaims the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in Franchise Disclosure Document or to the terms in this Agreement, and further represent to Franchisor, as an inducement to its entry into this Agreement, that you have made no misrepresentations in obtaining the Franchise.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, the parties, intending to be legally bound, agree as follows:

2. GRANT OF FRANCHISE

Subject to the provisions contained in this Agreement, Franchisor grants to you the right to own and operate a Franchised Business at a single location and within a protected area as set forth in Schedule One (the "Protected Area"), approved by Franchisor in accordance with the provisions of this Agreement, and to operate the Franchised Business, for an initial term of ten (10) years, commencing on the date of this Agreement (the "Initial Term"). If you are in compliance with the provisions of this Agreement, during the Initial Term of this Agreement, Franchisor shall not establish any other RedKnight Business within the Protected Area. Termination or expiration of this Agreement constitutes a termination or expiration of the Franchised Business.

In order to maintain your Protected Area, you are required to achieve a minimum of $150,000 in annual Gross Revenues, beginning in your third year of operation. This minimum sales requirement is not required during years one or two of operation. If you do not achieve the minimum sales requirement, then we may reduce your Protected Area and/or remove any exclusive rights you have to the Protected Area.

Notwithstanding the above, Franchisor (on behalf of itself and its affiliates) retains the right, in its sole discretion and without granting any rights to you: (a) to itself operate, or to grant other persons the right to operate, a RedKnight Business at locations outside of and immediately adjacent to the Protected Area and on terms Franchisor deems appropriate; (b) to sell the Services authorized by Franchisor within and outside the Protected Area under the Marks or other trademarks, service marks and commercial symbols through other channels of distribution under terms it deems appropriate, including, without limitation, by electronic means such as the Internet and websites we establish, direct market media, print catalogues, etc.; (c) to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; (d) to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Protected Area); and (e) sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party, go public, engage in a private placement of some or all of our securities, merge, acquire other corporations or entities, or be acquired by another corporation or entity and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

Nothing will prohibit Franchisor or its affiliates from doing business within the Protected Area for National Accounts. A "National Account" means those customers (excluding Franchise Systems, as defined below), with more than one (1) location covered by an agreement for services which are not located solely in the area of one franchisee. If you obtain an account that is considered a National Account, you must refer it to Franchisor and it will be treated as a National Account; however, Franchisor reserves the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by Franchisor or its affiliates, even if you procure the National Account. All National Accounts will be considered Franchisor's property. If one or more locations of a National Account fall within your Protected Area, Franchisor will first offer you the opportunity to provide services on the terms and conditions that Franchisor has established with such National Account. You are not required to service a National Account, and if you do not accept such offer in the manner and within the time period that Franchisor specifies, Franchisor has the right to service the account ourselves, or may authorize other RedKnight Businesses, to provide such services. However, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account. In addition, Franchisor retains the exclusive right to provide services to networks of independent businesses operating under a common brand (“Franchise Systems”), for which the services to be provided to each independent must be uniform within such Franchise System.

Franchisee may not market or solicit business outside of its Protected Area. In cases where the venue for the customer’s event is not within the Franchisee’s Protected Area, Franchisee may provide the services even if the venue falls outside the Protected Area and/or within the Protected Area of another franchisee, so long as the customer do not learn of the Franchised Business from improper marketing or soliciting in violation of this Agreement.

You cannot relocate the office of your Franchised Business without notifying Franchisor in advance. Franchisor does not grant any right of first refusal or similar rights to acquire additional franchises. You must sign a separate Franchise Agreement for each Franchised Business. You may not directly advertise your services or solicit business in another RedKnight Business’ Protected Area. If we receive a request for services from a customer within your Protected Area, Franchisor will refer this customer to you.

3. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS

A. DEVELOPMENT OF FRANCHISED BUSINESS

If permitted by local zoning codes and ordinances, Franchisee may operate the Franchised Business from Franchisee’s home. If Franchisee chooses to lease or purchase office space through which to operate the Franchised Business, Franchisee must conform the space to Franchisor’s specifications regarding the trade dress and décor set forth in the Operations Manual or provided in writing.

You will promptly prepare the premises of the Franchised Business and do or cause to be done the following:

(1) obtain all required building, utility, sign, and business permits and licenses, and any other required permits and licenses;

(2) if applicable, construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with Franchisor specifications and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

(3) establish filing and accounting systems conforming to the requirements prescribed by Franchisor.

B. EQUIPMENT, SUPPLIES, PRODUCTS AND SIGNS

You must operate the Franchised Business according to our System. You are required to purchase all products, services, supplies, inventory, computer software and hardware, equipment and materials required for the operation of the Franchised Business from manufacturers, suppliers or distributors Franchisor approves, or from other suppliers who meet our specifications and standards. Franchisor has imposed these requirements in order to assure quality and uniformity of the RedKnight Businesses and services provided to its customers.

Franchisor may, from time-to-time withhold, condition and/or revoke its approval of particular items or suppliers in its reasonable discretion. Franchisor or its affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. Franchisor has the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement. Some of the approved suppliers may be affiliated with Franchisor or its affiliates.

Approved suppliers may be designated in the Operations Manual or otherwise communicated to you in writing. Franchisor reserves the right to modify and/or substitute products or suppliers. Franchisor will inform you of any changes by updates or supplements to the Operations Manual or otherwise communicate these changes to you in writing.

If you wish to purchase or lease any goods, products, equipment or supplies, not approved by us as meeting our specifications, you must first notify Franchisor. Franchisor may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet its specifications. Franchisor's standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, Franchisor will advise you within a sixty (60) day period whether these goods, products, equipment, supplies or suppliers meet its specifications. Franchisor may require samples from alternate suppliers or vendors to be delivered to it (or other place it determines) for testing before approval and use. Franchisor may also require you to pay a reasonable fee based on the cost it incurs in connection with conducting this test.

C. <u>FRANCHISED BUSINESS OPENING</u>

You agree that you will not open the Franchised Business for business without Franchisor's prior approval. You agree to open the Franchised Business for business within thirty (30) days from your completion of training.

D. <u>RELOCATION OF FRANCHISED BUSINESS</u>

You may not relocate the Franchised Business without notifying Franchisor in advance. If you wish to relocate the office of the Franchised Business, permission for relocation will be automatically granted upon written notice from you so long as the location is within the Protected Area. Any relocation is at your sole expense, and if we incur any cost or expense in connection with your relocation, you are required to reimburse us.

4. <u>FRANCHISOR'S OBLIGATIONS</u>

A. <u>TRAINING</u>

Before the opening of the Franchised Business, Franchisor will conduct an initial training program for Franchisee and one (1) other person (typically another owner or marketing director) of the Franchised Business. Franchisee (or if you are a partnership, corporation or limited liability company, a partner or shareholder or managing member) must attend and successfully complete the initial training program within six (6) weeks of execution of this Agreement. Training will last approximately one week, Monday through Friday, including at least seven (7) hours per day of instruction at our corporate office in Montgomeryville, Pennsylvania or another location that we designate. You are solely responsible for the compensation, travel, lodging and living expenses incurred because of your, and any of your personnel's, attendance at the initial training program or at any supplemental or refresher training programs.

After the opening of the Franchised Business, Franchisor may provide additional training (subject to reasonable limitations prescribed by Franchisor as to frequency and time) for a fee of $500 per person, per day, plus expenses. You must pay for compensation, travel, lodging and meals for yourself and any of our personnel that participate. Franchisor has the right to require that you (or the managing partner, shareholder or managing member) and any manager(s) and assistant manager(s) attend supplemental and refresher training programs during the term of the Franchise, to be furnished at a time and place Franchisor designates.

Franchisor may provide an annual national meeting for all franchisees and your attendance is mandatory.

B. OPENING ASSISTANCE

Following Franchisee's completion of pre-opening training, Franchisor will evaluate business readiness and authorize the business launch or identify additional training required. Franchisor will evaluate pre-opening networking/marketing, daily operations, use of software and client relationship management (CRM), billing and reporting.

Within the first 30 days of operations of the Franchised Business and after Franchisee has completed all training requirements, Franchisor will provide up to two (2) days of market support at no charge.

C. OPERATING ASSISTANCE

Franchisor may furnish to you assistance in the operation of the Franchised Business as it deems appropriate. Additional assistance is at the sole discretion of Franchisor and available at per diem charges that Franchisor establishes. Upon Franchisee's request, Franchisor may provide assistance regarding pricing.

D. OPERATIONS MANUAL

Franchisor loans you one copy of the Operations Manual for your use during the term of this Agreement. The "Operations Manual" means our confidential operations manual, as amended by us from time to time. The Operations Manual will be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System that are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures prescribed by Franchisor and information relative to your obligations. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products and services, and specifications, standards and operating procedures of a RedKnight Business at your sole cost and expense. You must keep your copy of the Operations Manual current, and the master copy of the Operations Manual maintained by Franchisor at its principal office controls if there is a dispute relative to the contents of the Operations Manual. You must treat the Operations Manual, any other manuals or written materials provided by Franchisor for use in the operation of the Franchised Business (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, transmit, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual will remain the sole property of Franchisor and access to the Operations Manual must be secure and limited to those permitted to use it. You will not have any access rights to the Operations Manual upon termination or expiration of this Agreement.

E. MARKETING STARTER PACK

Prior to opening your Franchised Business, Franchisor shall provide to you a Marketing Starter Pack which will contain the following: brochures, business cards, service catalogs and other promotional items. Once these items are exhausted, you will need to replenish these items, at Franchisee's expense.

5. MARKS

A. OWNERSHIP AND GOODWILL OF MARKS

Franchisor hereby grants to you a non-exclusive license to use the Marks during the term of this Agreement in the operation of your Franchised Business only, and in accordance with the permitted uses of the Marks as set forth in this Agreement and the Operations Manual. Franchisee acknowledges that the Marks are valid service and/or trademarks, which are owned by Franchisor's affiliate, RedKnight

Marketing, Inc. You acknowledge that you have no ownership interest whatsoever in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of your Franchised Business in compliance with this Agreement and all applicable specifications and operating procedures prescribed by Franchisor during the term of the Franchise. Any unauthorized use of the Marks by you constitutes an infringement of the rights of Franchisor and its affiliate in and to the Marks.

You agree that all usage of the Marks and any goodwill established exclusively benefits Franchisor and its affiliate, and you acknowledge that this Agreement does not confer any goodwill or other interests in the Marks upon you. You must not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by and licensed to you pursuant to the Franchise.

B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS

You agree to use the Marks as the sole identification of the Franchised Business, but must identify yourself as an independent franchise owner in the manner prescribed by Franchisor. You may not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in the sale of any unauthorized product or service or in any other manner unless Franchisor authorizes it in writing. You agree to display the Marks prominently and in the manner prescribed by Franchisor on signs and forms. Further, you agree to give notices of trademark and service mark registrations and copyrights as Franchisor specifies and to obtain fictitious or assumed name registrations as may be required under applicable law.

C. RESTRICTIONS ON INTERNET AND WEBSITE USE

Franchisor retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website; however, except as Franchisor may authorize in writing, in its discretion, you shall not in any way: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with your Franchised Business without our prior consent.

Franchisor maintains and controls the website www.redknight.com and other related domains. You acknowledge that we are the lawful and sole owner of these before mentioned domains. You agree not to register the Marks now or hereafter owned by Franchisor or its affiliates or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future.

Notwithstanding the foregoing, Franchisor will also own an Internet domain name for your Franchised Business and will provide you a Website template for you to populate with your own information. You are responsible for the cost to build, maintain and optimize this website for search engines. All of the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Operations Manual, which may restrict the content that you are permitted to post to the social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Franchised Business. Except as otherwise provided in the Operations Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

D. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

You must notify Franchisor immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than Franchisor, its affiliate and their counsel regarding any infringement, challenge or claim. Franchisor and its affiliates have sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all documents, render assistance and do whatever, in the opinion of Franchisor or its affiliate's counsel, is advisable to protect their interests in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect their interests.

E. DISCONTINUANCE OF USE OF MARKS

If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you agree to comply within a reasonable time after notice at your sole cost and expense.

6. CONFIDENTIAL INFORMATION

Franchisor possesses certain confidential information consisting of the methods, techniques, formats, specifications, procedures, customers, sales and marketing programs and techniques, information, systems and knowledge of and experience in the operation and franchising of RedKnight Businesses (the "Confidential Information"). Franchisor discloses the Confidential Information to you in furnishing you the training program, the Operations Manual and in guidance furnished to you during the term of this Agreement.

You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business during the term of this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is a trade secret of Franchisor and is disclosed to you solely on the condition that you agree, and you do agree, that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the Franchised Business and the use of nondisclosure and non-competition clauses in employment agreements; and (5) will sign a Confidentiality Agreement and will require your employees to sign such an agreement in a form we approve.

If you obtain Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on your disclosure and use of the Confidential Information shall not apply to (a) information, processes or techniques which are or become generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you; or (b) disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose information, if you have used your best efforts, and have afforded Franchisor the opportunity, to obtain an appropriate protective order or other insurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a RedKnight Business, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for Franchisor, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to Franchisor. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist Franchisor in obtaining any and all intellectual property rights in such item.

You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If Franchisor at any time desires to utilize a financial performance representation or similar disclosure in connection with the sale of franchises, you agree to provide Franchisor, at no cost, with such reasonable information as it may require in order to properly prepare such representation, and to permit Franchisor to utilize such information as it deems necessary.

7. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that you and Franchisor are independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose.

You must conspicuously identify yourself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Franchised Business under a franchise agreement from Franchisor and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

Franchisor has not authorized or empowered you to use the Marks except as provided by this Agreement, and you must not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of Franchisor or employ any Mark in a manner that is likely to result in liability of Franchisor for your indebtedness or obligations.

Neither Franchisor nor you shall make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that your relationship is other than franchisor and franchisee, and neither Franchisor nor you is obligated by or has any liability under any agreements or representations made by the other that are not expressly authorized, nor is Franchisor obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by your negligent or willful action or failure to act.

Franchisor has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon you, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by you.

You agree to indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with your ownership or operation of the Franchised Business.

The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

8. FRANCHISE FEES

A. INITIAL FRANCHISE FEE

You must pay Franchisor an initial lump sum nonrefundable franchise fee in the amount of $9,900 (the "Franchise Fee") to operate in a Protected Area that is the smaller of (a) an eight (8) mile radius around the Franchised Business or (b) fifteen thousand (15,000) businesses. The total number of businesses in the Protected Area is determined by data sets such as those available by PBM and on realdatasets.com.

The initial Franchise Fee includes the Marketing Starter Pack which is described in Section 4.E. above and includes initial marketing supplies consisting of brochures, business cards, service catalogs and other promotional items.

The initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is nonrefundable.

We participate in the International Franchise Association's VetFran Program and offer a $5,000 discount on the initial franchise fee for the first Franchised Business of those franchisees that qualify for the VetFran Program.

B. ROYALTY FEES

You agree to pay to Franchisor a non-refundable bi-monthly royalty fee on the 1st and 15th of each month, due on the first business day after a weekend or a holiday ("Royalty Fee"). The Royalty Fee will be the greater of (a) four percent (4%) of Gross Revenues or (b) a minimum royalty of $125 (the "Minimum Royalty"). There is no Minimum royalty for the first ninety (90) days of operation.

Franchisor can require you to pay the Royalty Fee and any other fees pursuant to the provisions of Section 8.H below regarding electronic funds transfer.

C. TAX INDEMNIFICATION

In addition to the royalty fees, you shall indemnify Franchisor and/or reimburse Franchisor for all capital, gross receipts, sales, and other taxes imposed by the state where your Franchised Business is located as a result of the conduct of the Franchised Business or the license of any of the Franchised Business' intangible property in the jurisdiction in which the your Franchisee Business is located. If more than one franchisee is located in such jurisdiction they shall share the liability in proportion to their gross receipts from their franchised business except in the case of sales taxes and gross receipts taxes, which shall be divided in proportion to taxable sales to the franchisees.

D. DEFINITION OF "GROSS REVENUES"

The term "Gross Revenues" means the total amount collected based on all sales of products and services sold from, through or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes, and less bona fide refunds to customers and customer discounts, and less any sales tax collected on behalf of taxing authorities. Gross Revenues derived from Pass Through Billing refers to pass-through of costs invoiced to customers for advertising, postage and related third-party expenses paid on customers' behalf. This category is a pass-through of expenses without markup, and is excluded from the definition of Gross Revenues for the purpose of calculating Royalties due.

E. INTEREST ON LATE PAYMENTS

All amounts which you owe to Franchisor or its affiliates that are not paid when due, shall accrue interest at a rate equal to the lesser of one and one-half percent (1.5%) per month or the maximum legal rate in the jurisdiction where the Franchised Business is located.

You acknowledge that this paragraph does not constitute Franchisor's agreement to accept payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance your operation of, the Franchised Business. Further, you acknowledge that your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

F. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments it receives from you to any past due indebtedness to Franchisor or its affiliates.

G. WITHHOLDING PAYMENTS NOT PERMITTED

You agree that you will not withhold payment of any fees or any other amount due us and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for royalty fees, advertising contributions or any other amounts due.

H. ELECTRONIC FUNDS TRANSFER

By executing this Agreement, you agree that Franchisor, at its option, has the right to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the fees described above. You must, upon execution of this Agreement, at Franchisor's request, execute an authorization form for Franchisor to process EFTs from your designated bank account for the payments due. You will pay all costs associated with utilizing an EFT payment program.

If we are unable to draft any amounts owed to use due to insufficient funds in your designated bank account, we may collect a fee of $50 per violation.

9. FRANCHISED BUSINESS IMAGE AND OPERATING STANDARDS

A. CONDITION AND APPEARANCE OF THE EQUIPMENT OF THE FRANCHISED BUSINESS

You agree to maintain the condition and appearance of the equipment of the Franchised Business consistent with the image of a RedKnight Business as an attractive, clean, and efficiently operated Franchised Business, offering a variety of Services. You agree to refurbish and maintain the equipment and to make modifications to the equipment, appearance, efficient operation, ambience and overall image including replacement of worn out or obsolete fixtures, equipment, furniture, or signs.

B. ALTERATIONS TO THE FRANCHISED BUSINESS

You must not make alterations to the premises or appearance of the Franchised Business, nor make any unapproved replacements of or alterations to the appearance, fixtures, equipment, furniture or signs of the Franchised Business without prior written approval by Franchisor.

Franchisor has the right, in its sole discretion and at your sole expense, to rectify any alterations to the Franchised Business not previously approved by Franchisor.

C. UNIFORM IMAGE/CUSTOMER AND LOCATION RESTRICTION

The presentation of a uniform image to the public is an essential element of a successful franchise system. You agree that the Franchised Business will offer all of the Services as Franchisor, in its sole discretion, determines to be appropriate for a RedKnight Businesses. You further agree that the Franchised Business will not, without prior written approval by Franchisor, offer any products or Services not then authorized by Franchisor.

D. STANDARDS OF SERVICE

You acknowledge and agree that the Services shall be maintained uniformly throughout the System and that the Services are uniquely suited for distribution through RedKnight Businesses and, in the mind of the public, are interrelated with the Marks; and that the reputation and goodwill of Franchisor is based upon, and can be maintained only by, uniform standards and consistency throughout the System and the uniform and consistent sale and standards of Services. You agree that the Franchised Business will only offer Services which have been approved by Franchisor as being suitable for sale and meeting the standards of quality and uniformity for the RedKnight Business.

You must at all times maintain an inventory of equipment and products as we may specify to realize the full potential of the Franchised Business. Franchisor may conduct market research and testing to determine consumer trends and the salability of new services or products. You agree to cooperate by participating with Franchisor in market research programs, test marketing new products and services in the Franchised Business and providing Franchisor with timely reports and other relevant information regarding market research.

E. CUSTOMER SERVICE

You must at all times give prompt, courteous and efficient service to your customers. You must, in all dealings with your customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

F. SPECIFICATIONS, STANDARDS AND PROCEDURES

You acknowledge and agree that each and every detail of the appearance and operation of the Franchised Business is important to Franchisor and other RedKnight Businesses. You agree to maintain the highest standards of quality and service in the Franchised Business and, accordingly, agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) relating to the appearance or operation of a RedKnight Business, including:

(1) type and quality of the Services;

(2) quality and uniformity of service and sales of all Services of the Franchised Business;

(3) methods and procedures relating to marketing, dealing with customers and providing services and handling customer orders;

(4) hours and days during which the Franchised Business is open for business;

(5) the safety, maintenance, cleanliness, function and appearance of the Franchised Business premises and its fixtures, equipment, furniture, decor and signs;

(6) use of the Marks;

(7) use and retention of standard forms;

(8) use and illumination of exterior and interior signs, posters, displays, standard formats and similar items;

(9) identification of you as the owner of the Franchised Business; and

(10) advertising and promotion.

Mandatory specifications, standards and operating procedures prescribed by Franchisor in the Operations Manual or otherwise communicated to you in writing constitute provisions of this Agreement as if fully set forth.

G. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations.

You must notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Franchised Business.

All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice which may be injurious to Franchisor or the Franchise Business.

H. MANAGEMENT OF THE FRANCHISED BUSINESS/CONFLICTING INTERESTS

The Franchised Business must at all times be under your supervision (or, if you are a partnership, corporation or limited liability company, a partner, shareholder or member who has been approved by Franchisor as the managing partner, shareholder or managing member and who has satisfactorily completed the training program) or a manager who has been approved by Franchisor and who has satisfactorily completed the training program. If a manager supervises the Franchised Business, you (or managing partner, shareholder or managing member) must remain active in overseeing the operations of the Franchised Business.

You must at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the business of the Franchised Business.

I. INSURANCE

You must at all times during the term of the Franchise maintain in force, at your sole expense the following minimum types and amount of insurance, naming Franchisor and its affiliates as additional insured:

(1) Comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least $1,000,000, a general aggregate limit of at least $2,000,000, and a products/completed operations aggregate of at least $2,000,000.

(2) Data breach insurance with at least a $25,000 response expenses limit, at least a $50,000 defense and liability limit, at least a $10,000 business income and extra expense sub-limit, at least $10,000 extortion threats sub-limit, at least a $50,000 fines and penalties sub-limit, and at least a $50,000 PCI loss sub-limit.

(3) Professional liability coverage with a claim limit of at least $250,000, an aggregate limit of at least $250,000, at least a $25,000 subpoena assistance claims expense sub-limit, at least a $25,000 disciplinary proceeding claim expense sub-limit, and a maximum of a $2,500 deductible.

(4) Employment practices liability insurance with a claim limit of at least $25,000, an aggregate limit of at least $25,000, and a wage and hour defense cost sub-limit of at least $25,000.

(5) Automobile liability insurance to cover vehicles used in the operation of the Franchised Business with a combined single limit of at least $1,000,000.

(6) Workers' compensation insurance as required by state law.

All insurance policies must name Franchisor as an additional insured party. All required insurance policies and limits may be modified and/or increased by Franchisor at any time upon notice to Franchisee. Franchisee must comply with such modifications immediately upon receipt of notice from Franchisor. All insurance policies must be issued by the insurance carrier or insurance carriers acceptable to Franchisor, must contain a waiver of the insurance company's right of subrogation against Franchisor and must provide that Franchisor will receive 30 days' prior written notice of termination, expiration or cancellation of the policy.

Franchisor may reasonably increase the minimum liability protection requirement annually and require at any time, on reasonable prior notice to you, different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation or other relevant changes in circumstances.

You must submit to Franchisor prior to the opening of the Franchised Business and annually a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. If you fail or refuse at any time to maintain in effect any insurance coverage required by Franchisor or to furnish satisfactory evidence of insurance coverage, Franchisor, at its option and in addition to its other rights and remedies, may obtain insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required to obtain any insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor.

Your obligations to obtain and maintain the insurance described is not limited in any way by reason of any insurance maintained by Franchisor nor does your performance of obligations relieve you of any obligations under Section 9 of this Agreement.

J. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

You or your manager must hire all employees of the Franchised Business, be exclusively responsible for the terms of their employment and compensation and implement a training program for employees of the Franchised Business in compliance with Franchisor's requirements. You agree to maintain at all times a staff of trained employees sufficient to operate the Franchised Business in compliance with Franchisor's standards.

10. ADVERTISING

A. BRAND DEVELOPMENT FUND

Recognizing the value of uniform advertising to the goodwill and public image of a RedKnight Business, Franchisor has instituted and maintains and administers a Brand Development Fund (the "Fund") for marketing, promotions or public relations programs Franchisor, in its sole discretion, deems appropriate to advertise or promote RedKnight Businesses. Franchisor shall direct all programs, with sole discretion over the creative concepts, materials, endorsements and media used, and the placement and allocation of the Fund. Franchisor has the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of programs. Franchisor may reallocate all or a portion of this fee to a Regional Advertising program if one is established in your region.

You must contribute to the Fund an amount up to three percent (3%) of Gross Revenues, payable bi-monthly as the same time and in the same manner as the Royalty Fee. Currently, we require you to contribute two percent (2%) of Gross Revenues to the Fund.

You agree that the Fund may be expended to meet any and all costs of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities, including the costs of preparing and conducting television, radio, magazine, billboard, newspaper, internet and other media programs and activities and the costs of employing advertising agencies. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions into the Fund in that year and Franchisor may make loans to the Fund bearing reasonable interest to cover any deficits of the Fund and cause the Fund to invest any surplus for future use by the Fund.

Franchisor accounts for the Fund separately from its other funds and does not use it to defray any of its general operating expenses, except for reasonable salaries, administrative costs and overhead expenses Franchisor incurs in activities reasonably related to the administration or direction of the Fund and its programs (including conducting market research, preparing advertising materials and collecting and accounting for contributions to the Fund). Franchisor will prepare an unaudited report of the operations of the Fund annually and it will be available to you upon request.

You understand and acknowledge that the Fund is to maximize general recognition and patronage of the Marks and RedKnight Businesses, for the benefit of all RedKnight Businesses, and that Franchisor undertakes no obligation in developing, implementing or administering advertising or public relations programs to ensure that expenditures which are proportionate or equivalent to your contributions are made for the market area of the Franchised Business or that any RedKnight Business benefits directly or pro rata from the placement of advertising.

Franchisor assumes no direct or indirect liability or obligation to you or to the Fund with respect to the administration of the Fund, including any failure by any of its franchisees to make any contributions to the Fund.

B. <u>YOUR OWN ADVERTISING</u>

In addition contributing to the Fund as required under Paragraph A of this Section 10, you are required to become a member of a local, referral-based networking group. Membership fees may vary based on the group and you are required to expend up to $3,000 for such membership fees. The group must be more than simply a networking group and must have the objective to provide business referrals to its members. You must participate in such group(s) for the first four (4) years of operations.

Other than the foregoing, you are not required to expend any additional amounts on local advertising. If you do wish to use any local advertising and promotional materials however, prior to doing so, any such materials not prepared or previously approved by Franchisor must be submitted to Franchisor for approval, which shall not be unreasonably withheld. If you do not receive written disapproval within fifteen (15) days from the date of receipt by Franchisor of materials, Franchisor shall be deemed to have disapproved the materials. You must not use any advertising or promotional materials that Franchisor has disapproved. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct.

If we require, you agree to participate with other Franchised Businesses in placing advertisements in the directories including Internet telephone directories which cover your Protected Area, and you will pay for your proportionate share of the cost for the directory advertising or other similar publication.

11. <u>RECORDS AND REPORTS</u>

A. <u>ACCOUNTING AND RECORDS</u>

During the term of this Agreement, you agree, at your expense, to maintain at the Franchised Business premises and preserve for three (3) years from the date of their preparation, full, complete and accurate books, records and accounts prepared pursuant to the double entry method of accounting (utilizing the standard chart of accounts furnished or required by Franchisor), copies of sales tax returns, and copies of portions of your state and federal income tax returns which reflect the operation of the Franchised Business.

B. <u>REPORTS AND TAX RETURNS</u>

You must furnish to Franchisor the following: (1) concurrently with the payment of the fees required under this Agreement, statements relating to Gross Revenues; (2) a monthly financial statement consisting of a balance sheet and income statement due on the fifteenth (15^{th})day of the month for the previous month; (3) Franchisor may request from you within ninety (90) days after the end of your fiscal year, an annual profit and loss statement and source and use of funds statement for the Franchised Business for the year and a balance sheet for the Franchised Business as of the end of the year, reviewed by an independent certified public accountant, or if requested by Franchisor, accompanied by an opinion of a certified public accountant or firm of certified public accountants selected by you and approved by Franchisor, which opinion may be qualified only to the extent reasonably acceptable to Franchisor. Furthermore, you must furnish to Franchisor copies of other reports designated by Franchisor and other information and supporting records Franchisor prescribes. All financial statements, reports and information must be on forms approved by Franchisor and signed and verified by you.

You must maintain readily available for inspection by Franchisor, and must furnish to Franchisor upon its request, exact copies of all state sales tax returns and portions of your federal and state income tax returns that reflect the operation of the Franchised Business. In addition, you, at your expense, must furnish to Franchisor and its agents for inspection or audit, forms, reports, records, financial statements and other information as Franchisor may require. You must make financial and other information available at locations Franchisor may reasonably request (including Franchisor's office), and must afford Franchisor and its agents full and free access at the Franchised Business during regular business hours. Franchisor and its agents have the right to make and copies of, all documents and information.

12. INSPECTION AND AUDITS

A. THE FRANCHISOR'S RIGHT TO INSPECT THE FRANCHISED BUSINESS

To determine whether you are complying with the terms of this Agreement, and/or to determine whether you are complying with all applicable specifications and quality standards in connection with your use of the System and Marks, we or our designated agents, have the right to, at any reasonable time and without prior notice to you, among other things:

1. Observe you and any employees or agents of the Franchised Business during the performance of any Services;
2. Inspect any equipment displaying any signage, logo, graphic or wrap associated with the Franchised Business; and
3. Contact and interview any customers of the Franchised Business.

Franchisor assumes no liability to you or third parties with respect to such inspections, and you understand that the purpose of the inspections is to protect the System, Marks and goodwill arising therefrom, and not to assume any responsibility for any deficiencies or defects, etc. Franchisor may require that you furnish your customers with an evaluation form prescribed by Franchisor, pre-addressed and postage prepaid, to Franchisor. You must fully cooperate with Franchisor's representatives making any inspection or observing your or any of your employees or agents' work in the Franchised Business.

B. THE FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to you, to examine or audit, or cause to be examined or audited, the business records of the Franchised Business and the books and records of any corporation or partnership which holds the Franchise. You must fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any examination or audit.

If any examination or audit discloses an understatement of Gross Revenues, you must pay to Franchisor, within fifteen (15) days after receipt of the examination or audit report, the fees due on the amount of understatement, plus interest from the date originally due until the date of payment. Further, if examination or audit is made necessary by your failure to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an understatement of Gross Revenues for any month is determined by any examination or audit to be greater than two percent (2%), you must reimburse Franchisor for the cost of audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. The foregoing remedies are in addition to all other remedies and rights of Franchisor under applicable law.

13. COVENANTS

A. You covenant that during the term of this Agreement and any extensions or renewals, you will not divert or attempt to divert any business of or any customers of Franchisor, to any other business providing marketing services, website design services, graphic design, social media management services, and search engine optimization services, or to any other substantially similar or competitive establishment (a "Competitive Business"), by direct or indirect inducement or otherwise.

B. During the term of this Agreement, and any extensions or renewals, you must not, directly, or indirectly, act as an owner, partner, member, director, officer, consultant, representative, employee, agent or in any other capacity, or with any other person or firm, either directly or indirectly, on behalf of itself, or on behalf of or in conjunction another person, partnership, corporation, limited liability company or entity, purchase, construct, own, engage in or have any interest in a Competitive Business located anywhere in the United States.

C. For a period of two (2) years following termination of this Agreement for any reason whatsoever you must not act as an owner, partner, member, director, officer, consultant, representative, employee, agent or in any other capacity, or with any other person or firm, either directly or indirectly, on behalf of itself, or on behalf of or in conjunction another person, partnership, corporation, limited liability company or entity, purchase, construct, own, engage in or have any interest in a Competitive Business located or operating within twenty five (25) miles of your Protected Area or any RedKnight Business.

D. You must not, during the term of this Agreement or after its termination or nonrenewal, communicate or divulge to any other person, persons, partnership, corporation, or limited liability company except to employees, agents, or contractors who must know for purposes of operating the franchised business, any information or knowledge concerning the methods of service, promotion or sale used in a RedKnight Business nor shall you disclose or divulge in whole or in part, any other Confidential Information, trade secrets or marketing techniques of ours or our affiliated companies. You must require each of your employees, agents, and contractors with access to information to execute a nondisclosure agreement in a form approved by us.

E. You acknowledge that a violation of any covenant in this paragraph causes irreparable damage to us, the exact amount of which may not be subject to reasonable or accurate ascertainment, and you consent that if there is a violation, we may seek injunctive relief, without the necessity to post a bond, to restrain you, or anyone acting for or on your behalf, from violating covenants, or any other remedies to which we may then be entitled, if we prevail in any suit to enforce any provision. We are entitled to receive, in addition to any relief or remedy granted, the cost of bringing suit, including reasonable attorney's fees.

F. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement, and shall survive the termination or expiration of this Agreement. If all or any portion of a covenant in this Section 13 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

14. ASSIGNMENT

A. BY THE FRANCHISOR

This Agreement and the Franchise are fully assignable by Franchisor and benefits any assignee or other legal successor to the interest of Franchisor and upon such assignment, Franchisor will be relieved of all liability under this Agreement, and all rights and obligations will accrue to Franchisor's successor or assignee.

B. FRANCHISEE MAY NOT ASSIGN OR SELL SUBSTANTIALLY ALL OF ITS ASSETS WITHOUT APPROVAL OF THE FRANCHISOR

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that Franchisor has granted the Franchise in reliance upon your individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Unless otherwise provided with respect to an assignment to a corporation or limited liability company, neither the Franchised Business (or any interest therein) nor substantially all of the assets nor any part or all of your ownership may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, sub franchised or otherwise transferred by you or other owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Franchisee or in this Agreement in a divorce proceeding, or if you or any owner dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the prior written approval of Franchisor, and any assignment or transfer without approval constitutes a breach and conveys no rights to or interests in the Franchise, the Franchised Business or the assets.

C. <u>CONDITIONS FOR APPROVAL OF ASSIGNMENT OR SALE OF ASSETS</u>

If you and all owners are in full compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of either an assignment or the sale of substantially all of the assets, provided that the proposed assignee, buyer, or other transferee (the “Transferee”) is of good moral character and has sufficient business experience, aptitude and financial resources to own and operate the Franchised Business and otherwise meets Franchisor’s then applicable standards for franchisees, and further provided that Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of the assignment or sale:

(1) all obligations of you and all owners incurred in connection with this Agreement have been assumed by the transferee;

(2) you must have paid all amounts owed to Franchisor or its affiliates and any other amounts owed to Franchisor or its affiliates which are then due and unpaid;

(3) the transferee agrees to successfully complete the training program required of new franchisees;

(4) if required, the lessor of the premises of the Franchised Business has consented to your assignment or sublease of premises to the proposed transferee;

(5) the transferee (and, if a corporation, partnership or limited liability company, its owners or members) must, at Franchisor’s option, have executed and agreed to be bound by: (i) an assignment and assumption agreement satisfactory to Franchisor, where the transferee assumes your obligations under this Agreement; or (ii) the form of franchise agreement and ancillary agreements as are then customarily used by Franchisor in the grant of franchises for Franchised Businesses;

(6) you or the transferee must have paid to Franchisor a transfer fee of sixty percent (60%) of the then-current franchise fee (however, there will not be a transfer fee due upon transfer to an entity controlled and owned by current Franchisee);

(7) except to the extent limited or prohibited by applicable law, you (and each owner or member, if you are a corporation, partnership or limited liability company) execute a general release, in form and substance satisfactory to Franchisor , of any and all claims against Franchisor and its affiliates, officers, directors, employees and agents;

(8) Franchisor shall have approved the material terms and conditions of assignment or sale of assets and shall have determined that the price and terms of payment are not so burdensome as to materially affect the future operations of the Franchised Business by the transferee(s);

(9) you must have entered into an agreement with Franchisor agreeing to subordinate to transferee’s obligations to Franchisor, including any fees, any obligations of transferee to make installment payments of the purchase price to you.

D. DEATH OR DISABILITY OF FRANCHISEE

Upon your death or permanent disability (or the managing shareholder, partner or managing member), the executor, administrator, conservator or other personal representative, or the remaining shareholders or partners, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least thirty (30) consecutive days and from which condition recovery within thirty (30) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14. The costs of any examination required by this Section 14 shall be paid by Franchisor. Upon your death or permanent disability (or your shareholder, partner or member, if you are a corporation, partnership or limited liability company), the executor, administrator, conservator or other personal representative must transfer your interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a person approved by Franchisor. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 14. Failure to so dispose of interest within this period of time constitutes grounds for termination under Section 16.

E. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

Upon thirty (30) days' prior written notice to Franchisor, this Agreement and the assets and liabilities of the Franchised Business may be assigned, by an agreement in form and substance approved by Franchisor, to a corporation or limited liability company that conducts no business other than the Franchised Business (or other RedKnight Business under franchise agreements granted by Franchisor), which is actively managed by you and in which you own and control not less than 70% of the shares and voting power of all issued and outstanding capital stock or maintain not less than 70% ownership in a limited liability company. An assignment does not relieve you of your obligations, and you remain jointly and severally liable for all obligations under this Agreement. The articles of incorporation, articles of organization, by-laws and other organizational documents of any corporation or limited liability company which shall be, the franchisee must recite that the issuance and assignment of any interest is restricted by the terms of Paragraphs B and C of Section 14 of this Agreement and all issued and outstanding stock certificates of the corporation shall bear a legend reflecting or referring to the restrictions of Paragraphs B and C. There is no assignment fee due for a transfer pursuant to this Section 14.E.

Any person who is or becomes your shareholder or member or has or acquires beneficial ownership of any shares of your stock must execute a Guaranty Agreement in a form substantially similar to the form attached hereto, as Exhibit B, and an agreement in form furnished or approved by Franchisor undertaking to be bound jointly and severally by all provisions of this Agreement. You must furnish to Franchisor at any time upon request a certified copy of the articles of incorporation or articles of organization and a list, in a form Franchisor requires, of all shareholders or members of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Franchised Business.

F. THE FRANCHISOR'S RIGHT OF FIRST REFUSAL

If you or any owner at any time determines to sell or to transfer for consideration this Agreement, the Franchised Business (or an interest therein) or an ownership interest in Franchisee, you, or any owner must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to Franchisor. Franchisor has the right, exercisable by written notice delivered to you or any owner within thirty (30) days from the date of delivery of an exact copy of the offer to Franchisor, to purchase interest in the Franchised Business or ownership interest for the same price and on the same terms contained in the offer. Franchisor has the option to substitute cash for any form of payment proposed in the offer and has a minimum of sixty (60) days to prepare for closing. If Franchisor does not exercise its right of first refusal, you or any owner may complete the sale to purchaser on the terms of the offer, which must comply with Paragraphs B and C of this Section 14, provided that if the sale to the purchaser is not completed within one hundred and twenty (120) days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, Franchisor again has the right of first refusal.

15. RENEWAL OF FRANCHISE

A. FRANCHISEE'S RIGHT TO RENEW

If, upon expiration of the initial term of this Agreement:

(1) Franchisee has during the term of this Agreement substantially complied with all its provisions; and

(2) Franchisee maintains possession of and agrees to refurbish, re-decorate, or replace fixtures, equipment, signs, and otherwise modify the Franchised Business, in compliance with specifications and standards then applicable for new RedKnight Businesses; and

(3) All sums due to Franchisor, its affiliates, and any vendors or suppliers have been paid in full;

then you have the right to renew the Agreement for an additional term of ten (10) years. You must also pay Franchisor a renewal fee equal to 40% of our then-current franchise fee (the "Renewal Fee").

B. NOTICE OF RENEWAL

You must give Franchisor written notice of your desire to exercise your option to renew at least 180 days before the expiration of this Agreement.

C. RENEWAL AGREEMENTS/RELEASES

To renew this Agreement, you (and any owners or members of Franchisee, if you are a corporation or limited liability company) must:

1. Execute the form of Franchise Agreement and any ancillary agreements as are then used by Franchisor in the grant of franchises for the ownership and operation of a Franchised Business that will contain appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise which may provide for different terms and conditions than are provided for in this Agreement; and

2. Execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees and agents. Failure by you and any owners to sign agreement(s) and releases within thirty (30) days after delivery is deemed an election by you not to renew the Agreement.

16. TERMINATION OF THE FRANCHISE

Franchisor has the right to terminate this Agreement by providing you thirty (30) days prior written notice of the termination and opportunity to cure, for the following reasons:

(1) If you fail to develop the Franchised Business or open the Franchised Business for business as provided in this Agreement, or fail to satisfactorily complete the initial training program as provided in this Agreement; or

(2) If you fail to timely pay any amounts due to Franchisor or its affiliates; or

(3) If you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Franchised Business, and permit the same to go on uncorrected for a period of thirty (30) days or more after notification of violation, unless

there is a bona fide dispute as to the violation, constitutionality, or legality of law, ordinance, rule or regulation, and you promptly resort to courts of appropriate jurisdiction to contest the violation or legality; or

(4) If you fail to maintain or suffer cancellation of any insurance policy required under this Agreement; or

(5) If you violate any of the covenants contained in this Agreement; or

(6) If you fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor, including any procedure or requirement set forth in the Operations Manual or any standard relating to image or customer service or treatment.

The termination is effective upon the expiration of the thirty (30) day notice period and your failure to cure any breach or your failure to comply substantially with the essential and reasonable requirements imposed upon you by Franchisor, in accordance with the provisions set forth above, during this thirty (30) day notice period.

In addition to the rights of termination described above, we have the absolute right to immediately terminate this Agreement for the following material defaults and all rights granted without providing you any opportunity to cure the default, effective immediately upon written notice to you, upon the occurrence of any of the following events of default:

(1) If you fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due financial statements, reports or other data, information or supporting records, to pay when due any fees or amounts due to Franchisor or its affiliates, or otherwise fail to comply with this Agreement, whether or not the failure to comply is corrected after notice is delivered to you; or

(2) If you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or other settlement with creditors under any law, or admit or fail to contest the material allegations of any pleading filed against you, or are adjudicated a bankrupt or insolvent or a receiver or other custodian is appointed for a substantial part of your assets; or a final judgment remains unsatisfied or of record for ninety (90) days or longer, or if execution is levied against any substantial part of your assets or your Franchisor, or suit to foreclose any lien or mortgage is instituted against you and not dismissed within ninety (90) days, or if your real or personal property is sold after levy of judgment by any sheriff, marshal or constable, or the claims of creditors are abated or subject to a moratorium under any law; or

(3) If you or your owners are convicted of a felony or any other criminal misconduct that, in Franchisor's sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; or

(4) If you or your owners made a material misrepresentation or omission in connection with executing this Agreement or in operating your Franchised Business; or

(5) If you abandon, surrender, or fail to actively operate the Franchised Business for a period of more than fifteen (15) days; or

(6) If you make any unauthorized use of the Marks or unauthorized use or disclosure of the Confidential Information or Operations Manual; or

(7) If you transfer control or make an unauthorized assignment or transfer of this Agreement, the Franchised Business, or Franchisee's ownership interest in Franchisee or the Franchised Business.

17. RIGHTS OF THE FRANCHISOR AND OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION OF THE FRANCHISE

A. PAYMENT OF AMOUNTS OWED TO THE FRANCHISOR

You agree to pay to Franchisor within fifteen (15) days after the effective date of termination or expiration (without renewal) of this Agreement all fees and amounts due to Franchisor and its affiliates including interest. You must contemporaneously with payment furnish a complete accounting of all amounts owed to Franchisor and its affiliates.

B. DISCONTINUANCE OF USE OF THE MARKS AND DISTINCTIVE DESIGNS

You agree that after the termination or expiration of the Agreement, you will not directly or indirectly at any time or in any manner identify yourself and/or any business operated by you as a current or former RedKnight Business, or identify yourself as a franchisee (or former franchisee) or as otherwise associated with Franchisor, or use any of the Marks in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor. You must promptly remove from your place of business, and discontinue using for any purpose, any and all signs, fixtures, furniture, posters, furnishings, equipment, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with Franchisor.

Furthermore, you must, at your expense, immediately make all modifications or alterations necessary to distinguish the former Franchised Business clearly from its former appearance and from other RedKnight Businesses, to prevent any possibility of confusion by the public. You must, at your expense, make specific additional changes Franchisor reasonably requests for this purpose. If you fail to initiate immediately or complete alterations within a period of time Franchisor deems appropriate, you agree that Franchisor or its designated agents may enter any premises used in connection with former Franchised Business at any time to make alterations, at your sole risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You expressly acknowledge that your failure to make alterations will cause irreparable injury to Franchisor and consent to entry, at your expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action.

You further agree that upon termination or expiration (without renewal) of the Franchise, you will promptly:

(1) take action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(2) notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of Franchisor. You acknowledge that Franchisor has the sole right to an interest in all telephone numbers and directory listings associated with the Marks, and you authorize Franchisor, and appoint Franchisor and any officer of Franchisor as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to Franchisor, should you fail or refuse to do so, and the telephone company and all listing agencies may accept that direction or this Agreement as conclusive of the exclusive right of Franchisor in the telephone numbers and directory listings and its authority to direct their transfer (See Schedule Two); and

(3) furnish to Franchisor within thirty (30) days after the effective date of termination or expiration evidence satisfactory to Franchisor of your compliance with the foregoing obligations.

C. <u>CONFIDENTIAL INFORMATION</u>

You agree that upon termination or expiration (without renewal) of this Agreement, you will immediately cease to use in any business or otherwise the Confidential Information of Franchisor disclosed to you pursuant to this Agreement and return to Franchisor all copies of the Operations Manual which have been loaned to you by Franchisor.

E. <u>THE FRANCHISOR HAS RIGHT TO PURCHASE ASSETS OF FRANCHISED BUSINESS</u>

After the termination or expiration of this Agreement, but not upon an approved assignment or transfer pursuant to Section 14.C, Franchisor will have the right, but not the obligation, to purchase any or all of your equipment, inventory, supplies and other personal property used in connection with the operation of the Franchised Business. The purchase price will be the book value of the Franchised Business less any liens and other debts. Franchisor will have sixty (60) days after the termination, expiration, assignment or transfer to notify you whether or not Franchisor may exercise its option. The closing will take place within ninety (90) days after determination of the purchase price by Franchisor. Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price, by any and all amounts you or your owners owe to Franchisor or its affiliates. At the closing, you agree to deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by you, and your owners will execute a general release, in form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, owners, employees, agents, successors and assigns. Franchisor has the right to assign this purchase option to any other person or entity.

F. <u>CONTINUING OBLIGATIONS</u>

All of your obligations which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after its expiration or termination and until they are satisfied or expire.

18. <u>ENFORCEMENT</u>

A. <u>SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS</u>

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable and if, for any reason, any portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties to this Agreement, although any portion held to be invalid is deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party, otherwise upon your receipt of a notice of non-enforcement from Franchisor.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure prescribed by Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement are effective only in the jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS

Franchisor makes no warranties or guaranties upon which you may rely, and assumes no liability or obligation to you, by granting any waiver, approval or consent to you, or by reason of any neglect, delay or denial of any request. Any waiver granted by Franchisor is without prejudice to any other rights Franchisor may have, is subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

The parties shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate the Franchise before the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms of this Agreement, or any failure, refusal or neglect of Franchisor or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations including any mandatory specification, standard or operating procedure, any waiver, forbearance, delay, failure or omission by Franchisor to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Franchisor, or the acceptance by Franchisor of any payments due from you after any breach of this Agreement.

Neither Franchisor nor you are liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from: (1) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (2) acts of God; (3) fires, strikes, embargoes, war or riot; or (4) any other similar event or cause. Any delay resulting from any of those causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing contained in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that Franchisor may seek injunctive relief, upon due notice but without the requirement of posting a bond, in addition to further and other relief as may be available at equity or law. You have remedies available at equity or law, including the dissolution of injunction if the entry of injunction is vacated.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and you under this Agreement are cumulative and no exercise or enforcement by Franchisor or you of any right or remedy precludes the exercise or enforcement by Franchisor or you of any other right or remedy which Franchisor or you are entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by you to Franchisor or any of its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if Franchisor or you must enforce this Agreement in a judicial or arbitration proceeding, the party prevailing is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and legal fees.

F. GOVERNING LAW

You acknowledge that this Agreement was accepted in the Commonwealth of Pennsylvania. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the Commonwealth of Pennsylvania without regard to principles of conflicts of law. If, however any provision of this Agreement would not be enforceable under the laws of Pennsylvania, and if the Franchised Business is located outside of Pennsylvania and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Franchised Business is located. Further, any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section.

G. EXCLUSIVE JURISDICTION

Franchisor may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in Montgomery County, Pennsylvania and you and guarantors of this Agreement irrevocably submit to their jurisdiction and waive any objection to the application of Pennsylvania law or to the jurisdiction or venue in those Pennsylvania courts.

H. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both you and Franchisor.

I. CONSTRUCTION

This Agreement, the documents referred to herein, and the schedules hereto, constitute the full and complete agreement between Franchisor and you concerning the subject matter hereof and shall supersede all prior agreements, no other representations having induced you to execute this Agreement. Except as otherwise expressly provided, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

The "Franchisee" as used in this Agreement is applicable to one or more persons, a corporation, partnership or limited liability company, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to Franchisor are joint and several. References to "Franchisee" and "assignee" which are applicable to an individual or individuals mean the owner or owners of the equity or operating control of you or the assignee, if you or the assignee are a corporation, partnership or limited liability company.

J. ENTIRE AGREEMENT

This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document furnished to you.

K. COPIES

This Agreement may be executed in multiple copies, each of which is deemed an original.

L. TIME IS OF THE ESSENCE

Time is of the essence of this Agreement.

19. NOTICES AND PAYMENTS

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual are deemed so delivered at the time delivered by hand, one business day after sending by telegraph or comparable electronic system or three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports required to be delivered must be delivered by U.S. mail.

All payments and reports required by this Agreement must be directed to Franchisor at the address notified to you, or to other persons and places as Franchisor directs. Any required payment or report not actually received by Franchisor during regular business hours on the date due or properly placed in the U.S. mail and postmarked by postal authorities on or before the date due, are deemed delinquent.

20. CAVEAT

The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon your ability as an independent business person, and your active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated.

You acknowledge that you have entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce you to accept this franchise and execute this Agreement.

You represent and acknowledge that you have received Franchisor's Franchise Disclosure Document at least fourteen (14) days before the date of the execution of this Agreement, and that a copy of this Agreement with all blanks filled was received from Franchisor at least seven (7) days before the date of execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions and obligations of this Agreement and agree to be bound.

21. LIMITATION OF LEGAL ACTION

A. IN NO EVENT WILL FRANCHISOR BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP WITH YOU.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN YOU AND FRANCHISOR (AND FRANCHISOR'S AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION, AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:
RedKnight Franchise, LLC
A Pennsylvania limited liability company,

By:____________________________________
Title:__________________________________

FRANCHISEE:
(If Franchisee is a corporation)

____
Name of Corporation
By:____________________________________
Title:__________________________________

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

____
Franchisee

____
Franchisee
(If Franchisee is a Limited Liability Company)

____
Name of Limited Liability Company
By:____________________________________
Title:__________________________________

EXHIBIT A TO THE FRANCHISE AGREEMENT
TRADEMARKS

Registered Mark(s):

Mark	Registration Date	Registration Number
REDKNIGHT MARKETING	May 1, 2020	4,135,469
REDKNIGHT	January 18, 2022	6,618,104

EXHIBIT B TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ______ day of ___________________, 20____, by ____
____
____
____, (the "Guarantor").

In consideration of, and as an inducement to, the execution of the Franchise Agreement of even date (the "Agreement") by RedKnight Franchise, LLC (the "Franchisor"), and with ________________a ____________ ___________, each of the undersigned personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that ________________________________ ("Franchisee") shall 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 provisions of Section 6, Section 9, Section 13, Section 17. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he may have to require that an action be brought against you or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if you fail or refuse punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against you or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to you or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, you and the other owners of Franchisee;

(2) Guarantor shall render any payment or performance required under the Franchise Agreement upon demand if you fail or refuse punctually to do so;

(3) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to you or your assignee or successor or by any abandonment of the Franchise Agreement by your trustee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for the enforcement hereof shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of your liability or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor may proceed against Guarantor and you jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you. Guarantor waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation guaranteed; and

(5) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt collection of amounts due pursuant to this undertaking or any negotiations relative to the obligations guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	PERCENTAGE OWNERSHIP IN FRANCHISEE
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

SCHEDULE ONE
TO THE
FRANCHISE AGREEMENT

PROTECTED AREA

1. Protected Area. The parties to this Agreement agree that you shall operate your Franchised Business within the following area:

SCHEDULE TWO
TO THE
FRANCHISE AGREEMENT

POWER OF ATTORNEY - TELEPHONE

STATE OF ________________)
)   KNOW ALL MEN BY THESE PRESENTS
COUNTY OF ______________)

That _________________________________ ("Franchisee") irrevocably constitutes and appoints RedKnight Franchise, LLC, a Pennsylvania limited liability company ("Franchisor"), its true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, to do or cause to be done all things necessary and to sign, execute, acknowledge, certify, deliver, accept, record and file all agreements, certificates, instruments and documents which are necessary for the purpose of assigning to Franchisor all of Franchisee's right, title and interest in and to all telephone numbers of Franchisee using the name Franchisor, or a similar name, and service marks Franchisor and all related Yellow Pages, White Pages and other business listings including, all transfer documents required by any telephone service company providing telephone services to Franchisee, and grants to Franchisor full power and authority to do and perform all acts and things which, in the sole discretion of Franchisor, are necessary to be done as fully to all intents and purposes as Franchisee might or could itself do, ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney.

During the term of this Power of Attorney no person, firm or corporation is required to determine the authority of Franchisor, nor be responsible for the proper application of funds or property paid or delivered to Franchisor. Upon request, Franchisor will provide a certificate that this Power of Attorney has not been revoked and is in full force and effect. Franchisee covenants and agrees that it will not take any action against any person, firm or corporation acting in reliance on this Power of Attorney.

This Power of Attorney will be terminated two (2) years following the expiration or termination of the Franchise Agreement dated _____________________ by and between Franchisor and Franchisee. Termination of this Power of Attorney will not rescind any act that Franchisor may have effected before the date of termination.

This irrevocable power of attorney is executed and delivered in the Commonwealth of Pennsylvania and is governed by the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of ____________________________, 20____.

FRANCHISOR:	FRANCHISEE:
RedKnight Franchise, LLC	(If Franchisee is a corporation)
a Pennsylvania limited liability company	
	_______________________________________
	Name of Corporation
By_____________________________________	By_____________________________________
Title___________________________________	Title___________________________________

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

____

Franchisee

____

Franchisee

(If Franchisee is a Limited Liability Company)

____

Name of Limited Liability Company

By: _______________________________

Title: ______________________________

SCHEDULE THREE
TO THE
FRANCHISE AGREEMENT

DISCLOSURE ACKNOWLEDGMENT AGREEMENT

RedKnight Franchise, LLC ("Franchisor") through the use of this document, desires to ascertain that ________________________________ ("You") fully understands and comprehends that the purchase of a RedKnight Business franchise is a business decision, complete with its associated risks, and that it is the company policy of Franchisor to verify that you are not relying upon any oral statements, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

1. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including your skills and abilities, the hours you work, competition, interest rates, the economy, inflation, Franchised Business location, operation costs, lease terms and costs and the market place. You acknowledge your willingness to undertake these business risks.

2. You acknowledge receipt of the following documents: Franchisor's Franchise Disclosure Document, including the Franchise Agreement, and audited financials of Franchisor. You acknowledge that you have personally and carefully reviewed each document. Furthermore, you have been advised to seek professional assistance, to have professionals review the documents, and to consult with your attorney regarding the risks associated with the purchase of the franchise.

3. You agree and state that the decision to enter into this business risk is in no manner predicated upon any <u>oral</u> representations, assurances, warranties, guarantees or promises made by Franchisor as to the likelihood of success of the franchise. You acknowledge that you have not received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings except for those set forth in Franchisor's Franchise Disclosure Document. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales profits or earnings other than those in Franchisor's Franchise Disclosure Document, please describe these in the space provided below or write "None."

____

____

____

Acknowledged and accepted this _____ day of ________________, 20___.

FRANCHISEE:

____

____

EXHIBIT C
LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

California
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida
Department of Agriculture and Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

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

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

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

Maryland
Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan
Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa Street
G. Mennen Williams Bldg. 1st Fl
Lansing, MI 48913
(517) 373-7117

Minnesota
Department of Commerce
Registration and Licensing
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-6328

Nebraska
Depart. of Banking and Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, NE 68508
(402) 471-3445

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl.
New York, NY 10005
(212) 416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard, State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Depart. of Ins. and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island
Depart. of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903
(401) 222-3048

South Dakota
Dept. of Labor & Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

Texas
Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

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

Washington
Securities Administrator
Department of Financial
Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin
Department of Financial
Institutions Div. of Securities
345 W. Washington Ave., 4th
FL
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

California
Commissioner of the Dept. of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505 (866) 275-2677

Hawaii
Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

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

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan
Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota
Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

New York
Secretary of State of the State of New York
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

North Dakota
North Dakota Securities Department
600 East Boulevard, State Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Director of Oregon
Department of Insurance and Finance
700 Summer Street, N.E., Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island
Director of Rhode Island
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

South Dakota
Director of South Dakota Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

Washington
Securities Administrator
Department of Fi-nancial Institutions
150 Israel Rd.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

Operations Manual - Table of Contents

EXHIBIT E

LIST OF FRANCHISEES

None.

FRANCHISEES WHICH LEFT THE SYSTEM

(The list of franchisees which have been terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.)

None.

EXHIBIT F

STATE LAW ADDENDA

ADDENDUM TO REDKNIGHT FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR NEW YORK FRANCHISEES

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

4. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

6. Receipts ---Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

AMENDMENT TO REDKNIGHT FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The RedKnight Franchise, LLC Franchise Agreement between ___________________________ (“Franchisee” or “you”) and RedKnight Franchise, LLC (“Franchisor”), dated _______________ (the “Franchise Agreement”) shall be amended by the addition of the following language, which should be considered an integral part of the Franchise Agreement (the “Amendment”).

New York Law Modification

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the Franchise Agreement agree as follows:

1. Section 7, "Relationship of the Parties/Indemnification," of the Franchise Agreement shall be amended by the addition of the following:

> Notwithstanding anything to the contrary in this Section 7, Franchisee shall not be required to indemnify for any claims arising out of a breach of the Franchise Agreement by Franchisor or other civil wrongs of the Franchisor.

2. Section 18.F, "Enforcement – Governing Law," of the Franchise Agreement shall be supplemented by the additional of the following language at the end of Section 18.F:

> The foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the General Business Law of New York State, Article 33.

3. Sections 14.C.7 and 15.C.2 of the Franchise Agreement each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release will exclude claims arising under the General Business Law of New York State, Article 33, Sections 680 through 695, and the regulations issued thereunder.

4. No representation or acknowledgment by the Franchisee in the Franchise Agreement is intended to or shall act as a release, assignment, novation, waiver or estoppel which would relieve a person from any duty or liability imposed by Article 33, Sections 680 through 695, of the General Business Law of the State of New York and the regulations issued thereunder.

5. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, are met independently without reference to this Amendment.

6. Except as otherwise provided in this Amendment, all the other terms, covenants and agreements in the Franchise Agreement shall remain the same, and the Franchise Agreement, as amended, shall continue in full force and effect. To the extent this Amendment is inconsistent with any terms or conditions of the Franchise Agreement or the Attachments to the Franchise Agreement, the terms of this Amendment shall govern.

FRANCHISOR:
RedKnight Franchise, LLC
A Pennsylvania limited liability company,

By:_______________________________
Title:_____________________________

FRANCHISEE:
(If Franchisee is a corporation)

____
Name of Corporation

By:_______________________________
Title:_____________________________

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

____
Franchisee

____
Franchisee

(If Franchisee is a Limited Liability Company)

____
Name of Limited Liability Company

By:_______________________________
Title:_____________________________

ADDENDUM TO REDKNIGHT FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. Item 17 of the disclosure document is modified by adding the following paragraphs to the end of provision entitled "h. 'Cause' defined – non-curable defaults":

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute 'reasonable cause,' as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the franchise agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

EXHIBIT G

RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the "**General Release**") is made by the undersigned (hereinafter "**Releasor(s)")** for the benefit of RedKnight Franchise, LLC, a Pennsylvania Limited Liability Company (hereinafter, "**Franchisor**"), on this ____ day of __________, 20___.

RECITALS:

WHEREAS, Releasor is a RedKnight Marketing franchisee and operates a RedKnight business (the "**Franchised Business**") pursuant to that certain franchise agreement dated ____________ (the "**Franchise Agreement**");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to __________________________ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

____

By:___________________________________
Name:_________________________________
Title:_________________________________

____

____

____

EXHIBIT H

TELEPHONE LISTING AND INTERNET AUTHORIZATION AGREEMENT

THIS AGREEMENT is entered into as of this ____ day of ___________, by and between RedKnight Franchise, LLC, a Pennsylvania limited liability company with principal place of business of 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936, and ________________________, a ____________ _____________[entity] or individual with principal place of business located at _______________________________, ____________ ________ (hereinafter referred to as "Franchisee").

WITNESSETH THAT:

WHEREAS, Franchisor has developed and refined a system for operating a marketing, website, printing and related services business which uses distinctive innovations and marketing features (such business system is referred to herein as the "System"); and

WHEREAS, Franchisor is the franchisor of the System and the licensee of the trademarks, service marks, copyrights and other intellectual property used in the System, (collectively referred to herein as the "Intellectual Property"); and

WHEREAS, Franchisor granted to Franchisee the non-exclusive limited right to use the Intellectual Property and related commercial symbols (the "Franchised Business") in Franchisee's business telephone directory listings marketing the Franchised Business and otherwise identifying Franchisee; and

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

1. Franchisee is authorized and required to obtain separate telephone service for Franchisee's Franchised Business as created by or on behalf of Franchisor. Such service shall not be used in conjunction with any other business or residential telephone service at Franchisee's home and/or principal place of business.

2. Franchisee is authorized and agrees to secure directory assistance listings only as "REDKNIGHT MARKETING" and to identify itself as a franchise location. No other names or modifications of "REDKNIGHT MARKETING" may be used in conjunction with the Intellectual Property, and no additional listings may be used with the telephone number obtained by Franchisee unless approved in writing in advance by Franchisor.

3. All telephone listings, directory display advertising, layout and copy desired to be used by or requested by Franchisee shall be approved in advance in writing by Franchisor, and Franchisee agrees not to deliver to any telephone company placements of any such copy unless written approval by Franchisor is attached.

4. Franchisee shall be responsible for the timely and complete payment of all service charges for telephone service, directory listings and/or all service charges for the Franchisee's reasonable share of central numbers, associated listings and advertising.

5. Franchisee agrees such telephone number(s), listings and advertisements shall be considered to be the sole and exclusive property of Franchisor. Upon termination of the Franchise Agreement for whatever reason, Franchisee agrees to immediately cease all use of such telephone

number(s), cell phone number(s), email addresses, social networking logins and passwords, Twitter handles, listings and advertisements ("Property") and Franchisee agrees to take all actions necessary to immediately transfer all such Property to Franchisor, including by signing the Telephone Number Assignment and Assumption Agreement, attached hereto as Exhibit A, and to the extent allowed by applicable law, Franchisee shall take all actions necessary to ensure the same shall become the sole and exclusive property of Franchisor, at its option, subject to Franchisor's obligation to pay all fees due therefor becoming due and payable after the date of cessation of use by Franchisee. Franchisee shall immediately deliver all information related to such Property to Franchisor.

6. Franchisee, by this Agreement, hereby releases and forever discharges Franchisor and its successors or assigns and the telephone company, internet provider, or other service provider from liability of any kind or character which results or may result directly or indirectly from Franchisor's exercise of its rights hereunder or from such telephone company, internet provider or other service provider's cooperation with Franchisor in effecting the terms of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

FRANCHISOR:	FRANCHISEE:
REDKNIGHT FRANCHISE, LLC	
______________________	______________________
By: ______________________	Name: ______________________
Title: ______________________	Title: ______________________
	______________________
	Name: ______________________
	Title: ______________________

Exhibit A
To
TELEPHONE LISTING AND INTERNET AUTHORIZATION AGREEMENT

TELEPHONE NUMBER, FACSIMILE NUMBER AND RELATED RIGHTS ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS TELEPHONE NUMBER, FACSIMILE NUMBER AND RELATED RIGHTS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is entered into this _____ day of ________, 20__ by and between: by and between: (i)_________________________, a [STATE] [ENTITY TYPE] with a business address at ____________________________________ ("Assignor"); and (ii) RedKnight Franchise, LLC, a Pennsylvania limited liability company with a business address at 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936 ("Assignee"). Capitalized terms not specifically defined herein shall have the meanings ascribed to them in that certain Franchise Agreement dated __________, 20__ that was entered into by and between Assignor and Assignee (the "Franchise Agreement").

BACKGROUND

A. Pursuant to the terms of the Franchise Agreement and the Telephone Listing and Internet Authorization Agreement entered into by the parties, Assignor agreed to assign to Assignee all of Assignor's rights, title and interest in and to telephone numbers and facsimile numbers identified in Schedule 1 (collectively, the "Assigned Property") used in connection with the Franchise Program and/or System.

B. Assignor and Assignee now wish to enter into this Assignment memorializing the contemplated assignment of the Assigned Property as described in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each party hereby agrees as follows:

1. **Assignment**. Assignor hereby conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in and to all of the Assigned Property. Assignee is to hold all right, title and interest in and to the Assigned Property as fully and exclusively as they would have been held and enjoyed by the Assignor had the assignment in this Section 1 not been made.

2. **Authorization**. Assignor authorizes Assignee to contact and/or solicit any and all telephone account holders, domain name registrars, email server/account holders and/or social media providers (each, an "Account Provider"), as applicable and appropriate, to (a) request that the Account Provider record the Assignee as the assignee or transferee of the Assigned Property at issue, (b) request that Account Provider authorize Assignee, and only Assignee, to manage and maintain the Assigned Property at issue moving forward upon execution of this Assignment, and (c) otherwise instruct the Account Provider to take any action that Assignee deems appropriate with respect to the Assigned Property at issue. Upon Assignee's request, Assignor must: (i) execute any and all documents that any Account Provider might require or request in order to effectuate the assignment of any Assigned Property as described herein; and

(ii) otherwise cooperate and use best efforts to work with Assignee and any Account Providers to effectuate the assignment described herein.

3. Further Assurances.

3.1 Each party shall, from time to time and at all times hereafter, upon the request of the other parties hereto, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to carry out the intent of this Assignment and the Franchise Agreement. Without limiting the foregoing, Assignor agrees, without additional consideration, to take such further actions and to execute any powers of attorney, applications, assignments, declarations, affidavits and other papers necessary or desirable to transfer, vest, record and perfect good, valid and marketable title in any Assigned Property to Assignee.

3.2 Assignor represents and warrants that there are no outstanding payments or other monies owed to any Account Provider in connection with any of the Assigned Property as of the date this Agreement is executed, and Assignor otherwise represents and warrants that it has fully complied with the terms and contractual obligations set forth in any agreement associated with the Assigned Property through the date this Assignment is executed. Assignor must indemnify, defend and hold Assignee (and the other Indemnified Parties defined in the Franchise Agreement) harmless for any and all claims arising out of or related to (a) Assignor's breach of this Section or (b) the Assigned Property prior to the full execution of this Assignment.

4. **Entire Agreement**. This Assignment contain the entire agreement of the parties with regard to the subject matter hereof; provided, however, that this provision is not intended to abrogate any other written agreement between the parties executed with or after this Assignment.

5. **Successors and Assigns**. This Assignment shall be binding upon each party and its respective successors and assigns.

6. **Governing Law**. This Assignment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

7. **Counterparts**. This Assignment may be executed in multiple counterparts, each of which shall for all purposes be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument. This Assignment may be executed and delivered by facsimile or other electronic transmission.

ASSIGNOR	**ASSIGNEE**
	REDKNIGHT FRANCHISE, LLC
By: ______________________________	By: ______________________________

SCHEDULE 1 TO THE TELEPHONE NUMBER, FACSIMILE NUMBER, AND RELATED RIGHTS ASSIGNMENT

LIST OF TELEPHONE NUMBERS, FASCIMILE NUMBERS AND SOCIAL MEDIA ACCOUNTS

ACCOUNT TYPE	**ASSIGNED PROPERTY**	**STATUS**
Telephone Number		
Facsimile Number		
Social Media Accounts		

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
New York	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I
RECEIPTS

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 RedKnight Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales.

If RedKnight Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal 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 in Exhibit C.

The name, principal business address and telephone number of each franchise seller offering the franchise is Gudmundur "Gummi" Sigurdarson, 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936, 215-368-8900, Karen Jett, 587 Bethlehem Pike, Suite 700, Montgomeryville, PA 18936, 215-368-8900, and ____.

Date of Issuance: March 18, 2025. The State effective dates are on the State Cover Page.

See Exhibit C for our registered agents authorized to receive service of process.

I have received a disclosure document dated _________________ that included the following Exhibits:

A.	Financial Statements	F.	State Law Addenda
B.	Franchise Agreement	G.	Release
C.	State Regulatory Authorities and Agents for Service of Process	H.	Telephone Listing and Internet Authorization Agreement
D.	Table of Contents Operations Manual(s)	I.	Receipts
E.	List of Franchisees		

________________	____________________________	___________________
Date	Signature	Printed Name
________________	____________________________	___________________
Date	Signature	Printed Name

RECEIPT
(Our Copy)

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Date of Issuance: March 18, 2025. The State effective dates are on the State Cover Page.

See Exhibit C for our registered agents authorized to receive service of process.

I have received a disclosure document dated _________________ that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement
C. State Regulatory Authorities and Agents for Service of Process
D. Table of Contents Operations Manual(s)
E. List of Franchisees
F. State Law Addenda
G. Release
H. Telephone Listing and Internet Authorization Agreement
I. Receipts

Date	Signature	Printed Name
________________	______________________________	____________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to RedKnight Franchise, LLC, 587 Bethlehem Pike Suite 700, Montgomeryville, PA 18936.