

FRANCHISE DISCLOSURE DOCUMENT



Phoenix Franchise Group, LLC
A Utah Limited Liability Company
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As a Rodizio Grill® franchisee, you will operate a Brazilian-style steakhouse restaurant featuring Brazilian-style beef, poultry, pork, seafood, salad, and desserts. The total investment necessary to begin operation of a Rodizio Grill® franchised business is from \$1,065,500 to \$3,650,000. This includes the \$57,500 to \$65,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact David Knighton at 9829 South 1300 East, Ste 302, Sandy, Utah 84094 and 801-567-0500.

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

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

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

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit “C.”
How much will I need to invest?	Items 5 and 6 list fees that 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 “B” 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 Rodizio Grill® 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 Rodizio Grill® franchisee?	Item 20 or Exhibit “C” 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 “E.”

Your state may also 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 Utah. 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 Utah than in your own state.
2. **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.

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Addenda of State Regulations

EXHIBITS:

- A. Franchise Agreement and its Exhibits
- B. Financial Statements
- C. Schedule of Franchisees
- D. List of Agents for Service of Process
- E. List of State Agencies Responsible for Franchise Disclosure Registration Law
- F. Table of Contents for Policies and Procedures Manual
- G. Release Agreement (FORM)
- H. Signing Checklist

RECEIPTS

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The name of the franchisor is Phoenix Franchise Group, LLC. In this disclosure document Phoenix Franchise Group, LLC is referred to as “we” or “us” or “our” or “Rodizio Grill®”; “franchisee,” “you” or “yours” means the person or persons, individually and collectively, who buys the franchise from us and includes the current and future owners of a franchise that is a corporation, partnership or other entity.

Our limited liability company was organized on May 26, 2006 in the state of Utah under the name Phoenix Franchise Group, LLC. Our principal business address is 9829 South 1300 East, Ste 302, Sandy, Utah 84094. Our fiscal year ends December 31. Our agents for service of process are disclosed in Exhibit “D.”

Franchisor Business Activities

We do not do business under any names other than Rodizio Grill® and Phoenix Franchise Group, LLC. We do not operate a business of the type offered to you in this disclosure document. We began offering and selling Rodizio Grill® franchises in June 2006. As of the date of this disclosure document, we have not offered for sale or sold franchises in any other line of business.

Parents, Predecessors, and Affiliates

Our affiliate The Phoenix Restaurant Group, LLC (PRG) was organized on October 13, 2003 in the state of Utah. Its principal business address is 9829 South 1300 East, Ste 302, Sandy, Utah 84094. PRG has not offered nor sold any franchises in this line of business or any other line of business. PRG provides management services for us and training for our franchisees. PRG also operates a business similar to the one you will operate.

Our affiliate Tchê Franchising, LLC was organized on March 22, 2019 in the state of Utah. Its principal place of business is 9829 South 1300 East, Ste 302, Sandy, Utah 84094. The Tchê Brazilian Grill™ is a concept similar to Rodizio Grill® but it offers a limited menu and is operated under the Tchê Brazilian Grill™ trademark and brand. Tchê Franchising, LLC has sold one franchise and is currently offering franchise opportunities.

We have no other parents, predecessors or affiliates required to be discussed in this Item.

Franchise Offered

We license and train others to operate Rodizio Grill® restaurant businesses. As a Rodizio Grill® franchise, you will operate a Brazilian-style steakhouse restaurant featuring Brazilian-style beef, poultry, pork, seafood, salad and desserts. The grant of a franchise authorizes you to engage in our complete system under the name Rodizio Grill® and other proprietary marks. You are required to purchase specific materials, supplies and equipment and to strictly follow our standards, methods, policies and procedures, in the operation of your franchise business that are described in more detail in our franchise agreement, attached as Exhibit “A” to this disclosure document.

General Description of Market and Competition

The general market for steakhouse restaurants is well-developed and competitive. You will typically compete with other established sit-down restaurants and steakhouses. There are many of these competitors from large national

chains to small independent operators. You may also encounter competition from other Rodizio Grill® restaurants operated by us or other franchisees outside your territory.

Laws and Regulations

In addition to laws and regulations that apply to businesses generally, your business is subject to federal, state, and local health and consumer protection laws and other regulations and guidelines governing the food service industry, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations. The Food and Drug Administration, the United States Department of Agriculture and food industry organizations, including the National Restaurants Association, have established rules affecting this industry. We also require you or your manager to complete a Serve Safe food supplier's course as required by federal law. Additionally, you are required to comply with all immigration laws and to verify work eligibility for all prospective employees prior to hiring. You may be required to obtain a food handler's permit and a liquor license or alcohol certificate and liquor handling training in your state and dram shop laws. The Clean Air Act and state implementing laws may also require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

If you serve alcoholic beverages as part of your restaurant, you will be responsible for obtaining all necessary licenses and permits, and you have to know the laws and regulations governing the sale of these items including minimum age restrictions for purchasers and employees who sell these products, special training requirements and regulations on the hours of sales for these products. You may be required to obtain additional insurance coverage, which may increase your insurance premium payments.

You must investigate local zoning rules because they may limit where you can locate your restaurant and may affect the design features including the building façade and signs. You should also be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments. State or federal entities may require you to have a permit as a water provider. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements. You are not permitted to collect, store, transfer, etc., any unnecessary customer information. Additional information can be found at <https://www.pcisecuritystandards.org/>.

The details of state, county and local laws and regulations vary from place to place. It is your responsibility to research these matters. Please be aware that the changes in these laws may increase the cost to operate your restaurant. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city, or town.

ITEM 2 BUSINESS EXPERIENCE

Ivan Utrera – President and CEO

Mr. Utrera has been our President and CEO since our inception. From October 2003 to the present, Mr. Utrera has also served as the President and CEO of The Phoenix Restaurant Group, LLC in Sandy, Utah, which operates 2 Rodizio Grill® restaurants. Mr. Utrera has also been the President and CEO of Tche Franchising, LLC since its inception in 2018.



David Knighton – Vice President of Franchise Development

Mr. Knighton joined the Phoenix Franchise Group, LLC at its inception in 2006 as the Director of Development, and he is currently the Vice President of Franchise Development. From August of 2004 to the present, Mr. Knighton has also been the Vice President of Operations for The Phoenix Restaurant Group, LLC based in Sandy, Utah. Mr. Knighton has also been the Vice President of Franchise Development of Tche Franchising, LLC since its inception in 2018.

Eduardo Goulart – Director of Operations

Mr. Goulart joined Phoenix Franchise Group, LLC as the Director of Operations at its inception in 2006. Mr. Goulart has been working with the Rodizio Grill® concept since December 1998. He is a manager of the Rodizio Grill® restaurant in Salt Lake City, Utah owned by The Phoenix Restaurant Group, LLC, and he is the corporate chef for the Rodizio Grill® system. Mr. Goulart has also been the Director of Operations of Tche Franchising, LLC since its inception in 2018.

Leandro de Paula – Vice President of Finance

Mr. De Paula has been our Vice President of Finance since June 2020. From October 2016 until June 2020, he was the financial analyst for us and our affiliate The Phoenix Restaurant Group, LLC. Mr. De Paula has also been the Finance Director of Tche Franchising, LLC since June 2020. He has also been a part owner of 2 Rodizio Grill® restaurants in Wisconsin and Tennessee starting in 2019.

Ashlee Hille – Vice President of Marketing

Ms. Hille has been our Vice President of Marketing since August 2013. Ms. Hille has also been the National Marketing Director of Tche Franchising, LLC since its inception in 2018.

David Rigby – Senior Operations Manager

Mr. Rigby has been our Senior Operations Manager since 2014, providing operational support for corporate and franchise locations. Mr. Rigby has also been the Senior Operations Manager for Tche Franchising, LLC since its inception in 2018.

Nicholas Utrera – Vice President of Operations

Nicholas Utrera has been our Vice President of Operations since May 2016. Mr. Utrera has also been an operations manager with Tche Franchising, LLC since its inception in 2018.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

On the signing of the franchise agreement, you are required to pay us an initial lump sum franchise fee of \$50,000. As part of the initial fee, you will receive a design and décor package that you are required to use.

Required Purchases from the Franchisor or an Affiliate

Prior to opening, you must purchase from us or an affiliate: faux dessert items, artwork, gift cards, menu books, envelopes and inserts, meat rotation cards and stands. These items generally cost \$7,500 to \$15,000. Payment is due at the time of ordering.

Opening Assistance

We will send a team to observe, train, and advise for 7 days prior to and up to 10 days following the restaurant grand opening. None of our representatives will be sent for opening assistance until we receive from you a valid certificate of occupancy. You must pay 50% of our representatives' lodging costs and reimburse us for any costs if you reschedule. Additionally, you are expected to feed our representatives at your restaurant during the opening assistance.

Uniformity and Refunds

These costs and fees are uniform and are non-refundable for all franchisees.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Successor Franchise Fee ¹	\$5,000	Prior to your entering into a successor franchise agreement	A successor franchise agreement is available to you only if you meet each of the requirements described in the franchise agreement at the time of your timely election to enter into a successor agreement.
Relocation Fee ^{1,4}	Up to \$10,000 to cover our reasonable cost associated with your relocation	At the time we approve of the relocation	This is a condition of approving a relocation.
Royalty ¹	4.5% of gross sales	Payable to be received no later than 5 days following the end of the prior week (week currently defined as Thursday - Wednesday)	Gross sales include all revenue from the franchise business but excludes sales tax and bona fide credits. We will provide 30 days' notice if royalty payments will be due daily.

Marketing Fund Fee ^{1,2}	1% of gross sales	Same as royalties	See Note 2.
Late Charges ^{1,4}	\$25 per day (up to a maximum of 2x the total amount owing per instance per late payment and up to \$500 per late report)	Payable with royalty or on demand	We can adjust these fees at any time.
Non-Sufficient Fund Fees ^{1,4}	\$50 per bounced check or insufficient or disputed draft or maximum allowed by state law	Payable with royalty or on demand	If this fee is higher than what is allowed under state law, the fee will be reduced to the maximum allowed by state law (see state specific addendum).
Interest on Late Fees and Reports ^{1, 4, 5}	18% interest or maximum rate permitted by state law, whichever is less	Payable with royalty or on demand	Interest begins to accrue on the total amount (fee plus any late charge) after the due date of any required payment or report.
Sales or Use Tax ¹	Sum equal to tax imposed	Upon demand	If a sales, use, or value added tax is assessed on fees you pay to us, you must also pay us the applicable tax when invoiced.
Audit Charge ¹	Cost of Audit	On billing	Payable only if an audit shows an understatement of 2% or more of gross sales for the period audited, or records are unorganized or unavailable
System Non-Compliance Fines and Charges ^{1,4,5}	\$250 for the first violation; \$500 for the second violation; and \$1,000 for the third and subsequent violations	As incurred	See Note 6.
Replacement Training ^{1,4}	No cost if you send your representatives to be trained at our designated facility \$200 per day, per person for us to send our representatives to you	As incurred	New management-level employees from outside the Rodizio Grill® franchise system must be trained by us. We can adjust this fee at any time. You will be required pay all associated travel, lodging, food and other expenses for your trainees or our representatives during the training.
Additional Training ^{1,4}	No cost if you send your representatives to	As incurred	We may provide additional training to you at your request or if required by us, or if you are in default or we believe such

	be trained at our designated facility \$200 per day, per person for us to send our representatives to you		training would be in your best interest. You will be required pay all associated travel, lodging, food and other expenses for your trainees or our representatives during the training.
Rescheduling Fee	Our incurred costs for rescheduling	As incurred, prior to training	This fee is imposed if you reschedule or postpone a training.
Insurance Reimbursement Fee ¹	Reimbursement of premium amount, plus an administration fee of \$50 per hour	Upon demand	You are required to hold and maintain your own insurance, but if you fail to do so, we have the right to obtain insurance on your behalf.
PCI and DSS Audit Reimbursement Fee ¹	Costs of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.
Conferences and Seminars ^{1,4}	\$600 to \$1,200 per person	At the time of registration	You must also pay for travel, lodging, food and other expenses incurred to attend the conference or seminar.
Interim Management Fee ^{1,4}	\$200 per day, per representative	At time of service	Payable if we elect to operate your business during your unapproved closing, unapproved absence, default of the franchise agreement, incapacity, death, if you are not in compliance, or you fail to meet our minimum performance standards. You must also pay all travel, lodging, food, and other expenses for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed between us.
Supplier Evaluation Fee ^{1,4}	\$500, plus our reasonable expenses, and costs	The set fee is due before we evaluate potential suppliers.	Payable if you want to have unapproved suppliers or products evaluated for our approval
Advertising Cooperative	Up to 2.5% of gross sales payable to the co-op, if applicable	Payable in accordance with the advertising cooperative's governing documents	If we form or approve a local advertising co-op in your area, any marketing expenditures you make through the co-op is credited towards fulfilling your local advertising obligation. See Note 3.
Additional Copies of Marketing Materials ^{1,4}	Our costs, plus 10% and the cost for shipping and handling	Time of delivery	We may develop and provide you samples of marketing and promotional materials.

Fees on Default ¹	Our costs associated with your default	As incurred or on demand	Paid in addition to other payments to us
Prepaid Services Reimbursement Fee	Amount of unredeemed customer gift cards and gift certificates purchased from you	Upon demand	Upon termination or transfer, you must reimburse us the amount of unredeemed customer gift cards and gift certificates purchased from you. Subject to state law.
Post Termination, Non-Compliance Fees ^{1, 5}	Actual costs	As incurred	You will be responsible to pay us any post-termination expenses, including without limitation, attorney's fees and costs to enforce your post-term obligations.
Early Termination Liquidation Damages ¹	Average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of your franchise agreement, whichever is less	Upon termination	Payable if your franchise agreement is terminated prior to the expiration of the term. This is only to compensate for lost royalties and is not our only remedy.
Franchise Agreement Transfer Fee ^{1,4}	\$5,000	At time of approved transfer	Payable when you sell your franchise and prior to our signing any approval or new agreement. Owners who own at least 20% of the franchise must personally guarantee the franchise agreement for us to approve the transfer. Subject to state law.
Minority Interest Transfer Fee ¹	Our legal fees and administrative costs related to the transfer	On demand	This fee applies to transfers of up to 40% of your franchisee entity—cumulative during the term of the franchise agreement. Transferees owning at least 20% of the franchise must personally guarantee the franchise agreement for us to approve the transfer. Subject to state law.
Transfer Training Fee ^{1,4}	No cost if the transferee sends its representatives to be trained at our designated facility \$200 per day, per person for us to send our representatives to the transferee	As incurred	The transferee must pay this initial training fee to have us train the transferee's trainees.
Indemnification ³	Our damages and	As incurred or on	

	costs	demand	
Dispute Resolution Fees ¹	Our legal fees and costs if we prevail	As incurred or on demand	You are required to pay half of the mediation or arbitration fee prior to the start of any mediation or arbitration and half of such costs thereafter. The prevailing party will be entitled to reimbursement of its legal fees and expenses.

NOTES

¹ **Royalty and Fees.** Except as shown in the remarks column, all fees are uniformly imposed and payable to us. All fees payable to us or an affiliate are non-refundable. You should verify with third-party payees whether such payments, deposits, or fees are refundable or not. We require you to establish a bank sweep, draft or other similar type of electronic funds transfer (“EFT”) account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due to us. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account. You cannot close or terminate any EFT account without receiving our prior written consent. If you fail to timely report gross sales, we may sweep an estimated amount of fees due to us. You will be responsible to pay us any amount owing if we underestimate your payment to us, and we will credit you with any overage that we charge. In the event the state where your franchise business is located determines that we are unable to collect royalties on alcoholic beverages sold at your franchise business, we have the right to modify the royalty rate to recoup these losses.

² **Marketing Fund.** The marketing fund fee may be used by us for national or regional marketing and brand development, as we choose. In addition, you must spend at least 2.5% of gross sales each month to advertise your franchise business locally. If you choose to do trades with vendors for advertising, such amounts will not be counted towards the 2.5% requirement. We may increase the required local marketing amount upon 60 days’ notice to you. However, the increase will not be more than 4% of gross sales. You may also be required to join a local marketing co-op. These fees are uniformly imposed.

³ **Indemnification.** You must indemnify us from damages and costs related to your acts, errors or omissions in the operation of your franchise business or your franchise business generally, including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees, and other laws regarding public accommodations for persons with disabilities. You are not required to indemnify us for liability caused by our willful misconduct, gross negligence, strict liability, or fraud.

⁴ **Fee Increases.** We may increase these fees by up to 10% per year during the term of the franchise agreement to adjust to increased costs. Costs charged by third parties are subject to change at any time and do not have an annual cap.

⁵ **System Non-Compliance.** We may issue you a fine for certain violations of the franchise agreement and/or manuals. If you do not correct the violation within the time required by us, we have the right to put you in default. All fines are to be paid in accordance with our electronic funds transfer or automatic withdrawal program.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$50,000	\$50,000	Lump sum	Upon signing the franchise agreement	Us
Travel, lodging, food and other expenses while training ²	\$17,000	\$30,000	As incurred	Prior to and during training	Suppliers
Real estate improvements ³	\$500,000	\$2,500,000	As incurred	As negotiated	Suppliers and contractors
Rent ⁴ (3 months of rent, plus a security deposit)	\$60,000	\$150,000	As incurred	As negotiated	Landlord
Equipment, furniture, fixtures, décor, uniforms, and supplies ⁵	\$200,000	\$500,000	As incurred or leased	Before opening if paid to us or an affiliate or as negotiated	Suppliers
Rodizio Grill® supplies and artwork ⁶	\$7,500	\$15,000	As incurred	Prior to opening	Us or affiliate
POS and computer system ⁷	\$10,000	\$15,000	As incurred	As negotiated	Suppliers
Signs ⁸	\$25,000	\$50,000	As incurred	As negotiated	Suppliers
Misc. opening costs ⁹	\$50,000	\$100,000	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Opening inventory ¹⁰	\$20,000	\$40,000	Lump sum	As negotiated	Suppliers
Grand opening marketing ¹¹	\$30,000	\$40,000	As incurred	As negotiated	Suppliers
Additional funds ¹²	\$90,000	\$150,000	As incurred	As incurred	Suppliers, accountants, employees, etc.
Opening assistance ¹³	\$6,000	\$15,000	As incurred	As incurred	Us and suppliers
TOTAL¹⁴	\$1,065,500	\$3,650,000			

NOTES

¹ Initial Franchise Fee. The initial franchise fee is non-refundable, and we do not finance any portion of this fee.

² Travel and Living Expenses While Training. You are responsible to pay all travel, lodging, food, living, wages, and other expenses for your attendees during training, directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). We estimate that you will have 4 people attend training. These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, wages, and transportation.

³ Real Estate Improvements (Including Décor Specifications). This estimate includes the cost for construction to build out your location according to our specifications. Costs of improvements vary widely based on location, terms of the lease, the total area of your space, as well as construction and material costs. If you purchase the real estate for your restaurant, we believe the average cost will range between \$1.2M and \$3.4M, but we have not accounted for the purchase of real estate in the above table. This amount would need to be included in your initial investment if you purchase your space. Additionally, as part of the initial fee, you will receive a design and décor package that you are required to use.

Your landlord may provide you with a tenant improvement allowance as part of your lease, which has not been included as part of these estimates. You must hire a mechanical engineer and architect. We must approve your architect, and, in our sole discretion, we can require that you use our designated architect. You should review these costs with a local contractor, commercial real estate agent and other professionals. If you locate your center to a newly constructed space, the landlord may require significantly greater additional expenditures to cover leasehold improvements. You are not required to lease newly constructed space.

⁴ Rent. Your space will vary depending on your needs, but we estimate you will need between 6,500 and 9,000 square feet. The average cost for our franchisees to lease space has been \$28/sq. ft., with the general range of \$20-\$35/sq. ft. but can be as high as \$65/sq. ft, depending on your market. Included in this estimate is the cost for the initial 3 months of rent, plus a security deposit equal to 1-month's rent, and that you begin paying rent when (or shortly before) you open for business. For this to occur, you would need to negotiate a rent-free period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location.

⁵ Equipment, Furniture, Fixtures, and Décor. Included in this estimate are the costs of all furniture, fixtures and equipment required to open and operate your Rodizio Grill® franchise business. You will need at least 2 grills. This estimate also includes uniforms, office supplies, and small wares.

⁶ Rodizio Grill® Supplies and Artwork. These items include faux dessert items, menu books, artwork, gift cards, envelopes and inserts, meat rotation cards and stands.

⁷ POS and Computer System. You will be required to use a 3 to 5 terminal computer system as designated by us with the software we designate for all point-of-sale ("POS") and accounting functions. You must purchase the number of tablets and hardware designated by us. You are required to purchase a monthly subscription for the use of the POS system. The estimated subscription cost of the POS system is currently \$200 to \$400 per month.

⁸ Signs. Subject to landlord and government restrictions, you are required to purchase an interior sign and at least 1 exterior sign (but we can require 2 exterior signs depending on the location) displaying the trademark. These signs may be made locally. All signs must conform to our specifications. All sign purchase agreements or leases must be negotiated with your suppliers. You must use the location's monument sign if available.

⁹ Miscellaneous Opening Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training during the opening, deposits, insurance and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommend that you hire a lawyer, accountant, and other professionals to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹⁰ Opening Inventory. Opening inventory items include food, beverages, alcoholic beverages, soft goods, such as napkins, boxes, sacks, cups, and other paper goods, uniforms, and other required items. The range in cost depends upon the size of your franchise business, as well as estimated initial business volume. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

¹¹ **Grand Opening Marketing.** You are required to market your grand opening for at least 30 days prior to your opening in forms and mediums as approved by us. We anticipate that you will spend approximately \$30,000 promoting your grand opening for around 90 days, but this amount could be more or less depending on your market. Not less than 3 months prior to your franchise business opening, you are required to submit to us an opening marketing plan. We must review and approve this marketing plan, and you are required to update your marketing plan by December 31 of each year for the following year's local marketing expenditures.

¹² **Additional Funds (Initial Operating Capital).** This estimates other initial startup and operating expenses that you may incur during the first 3 months of operation. You must at all times maintain a minimum of 3 months of your expected ongoing business operating expenses in your operating account or have a line of credit for the same amount. Your employee compensation is between you and your employees and may vary widely. Therefore, this compensation cannot be accurately estimated. In addition, you need to include an amount payable to you. We have relied upon the experience of our franchisees and principals to compile these estimates.

¹³ **Opening Assistance.** We will send our representatives to visit and assist with the rehearsal and opening for 7 days prior to and up to 10 days following your grand opening. We send the number of representatives that we determine, in our sole discretion, is needed to assist you, but generally this consists of 6 to 8 representatives prior to opening and 1 to 3 representatives following the grand opening. There is no fee for this assistance, but you must cover 50% of the lodging for our representatives, and you are expected to feed them at your restaurant during this time.

¹⁴ **Total.** These figures are estimates for the development of a single Rodizio Grill® restaurant, and we cannot guarantee that you will not have additional expenses starting your franchise business. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees payable to us or an affiliate are non-refundable. You should verify with third-party payees whether such payments, deposits, or fees are refundable or not.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers, Proprietary Products, and Required Purchases

You must operate your franchise business according to our system, including purchasing or leasing certain items or services according to our specifications or from approved suppliers. You may not deviate from these methods, standards and specifications without our prior written consent.

You must purchase or lease the following products and services from approved suppliers or according to our specifications as set forth in the manuals:

Item or Service	Is the franchisor or an affiliate an approved supplier of this Item?	Is the franchisor or an affiliate the only approved supplier of this Item?
Menus	No	No
Menu Books	Yes	Yes
Uniforms	No	No
Faux Desserts	Yes	Yes
Meat Rotation Stand	Yes	Yes
Grills	No	No

Food and Beverage Products	No	No
Computer (POS) System and Software	No	No
Salad Bar and Salad Bar Wares	No	No
Meat Cues	No	No
Check Presenters	Yes	Yes
Skewers, Grill Wares and Knives	No	No
Table Wares	No	No
Artwork	Yes	Yes
Furniture and Fixtures	No	No
Interior Decor	No	No
Restaurant Management System	No	No
Marketing Materials	No	No

We reserve the right for us or an affiliate to be an approved supplier or the only approved supplier of any of the items listed in the above table. Additionally, we reserve the right to require that all items used in the operation of your business be purchased from sources approved by us.

Insurance

You must at all times during the entire term of the franchise agreement and at your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated “A-” or better by A.M. Best & Company, Inc., which minimums may be adjusted from time to time in our sole discretion:

Type of Insurance	Minimum Required Amount(s)
Commercial general liability insurance	\$2,000,000 per occurrence and \$3,000,000 in the aggregate
Property insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Liquor legal liability or “dram shop” insurance	\$2,000,000 per occurrence, \$3,000,000 in the aggregate
Data breach & cyber security breach insurance	\$1,000,000 per occurrence and \$2,000,000 aggregate
Umbrella insurance	\$2,000,000
Government required insurances	All worker’s compensation and employment insurance on your employees that is required under all federal and state laws

These policies (excluding worker’s compensation) will insure you, us, and our officers and directors and nominees as additional insureds against any liability that may accrue by reason of your ownership, maintenance or operation of the franchise business. These policies will stipulate that we will receive a 30-day written notice prior to cancellation or termination, and we must receive a 30-day notice of any modification. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment prior to you beginning operations. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain or maintain insurance, we may obtain insurance for you, and you will pay us the premium costs, plus an administration fee of \$50 per hour for our time. We may periodically modify or adjust the amounts of coverage required and/or require different or additional coverage. We may periodically increase the amounts of coverage required and/or require different or additional coverage. We do not derive revenue from your purchase of insurance. We recommend you consult with your insurance agent prior to signing the franchise agreement.

If your premises are damaged and covered by insurance, you must use the proceeds to restore the facility to its original condition no later than 8 months from receiving the proceeds, unless we consent otherwise in writing.

Approved Suppliers

We may enter into contracts with suppliers for items or services purchased by our franchisees. Pursuant to these contracts, you must purchase items or services from approved suppliers.

All currently approved suppliers and specifications are made available to you before the beginning of operations. We consider our specifications to be of critical importance to the success of the system. You must receive our prior written approval to deviate in any manner from our specifications or approved suppliers.

Ownership in Approved Suppliers

Some of our principal officers have an ownership interest in Phoenix Franchise Group, LLC, and The Phoenix Restaurant Group, LLC, and one of our officers has ownership in Tche Charcuterie, LLC, which are some of our approved suppliers.

Proportion of Required Purchases and Leases

We estimate that the proportion of required purchases or leases will represent approximately 75% to 85% of your overall purchases in opening your franchise business and 70% to 90% of your overall purchases, excluding operating expenses, in operating your franchise business.

Revenue to Us and Our Affiliates from Required Purchases

We may derive income from required purchases or leases of goods or services made by our franchisees from approved sources. We currently receive a rebate from Ecolab on dishwasher related products. In the year ending December 31, 2023, our revenues from the sale or lease of these products and services to franchisees was \$25,780 or 1.16% of our total revenues of \$2,230,828.

Non-Approved Suppliers

Except for certain trademark and private label items and designated source items set forth above, if you desire to use a particular supplier and if that supplier meets the specifications and requirements of our system, at our discretion, we may evaluate that supplier to become an approved supplier.

You may establish suppliers on the approved list by making an appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; a willingness by the supplier to cooperate and work with you and other franchisees; the supplier's production and delivery capabilities, price and quality; reputation of the supplier; quality assurance systems; the financial condition of the supplier; the ability and willingness of the supplier to train you and us on the effective and safe use of the product; and the supplier's professional competence and performance abilities. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system.

If you desire to purchase any of the items listed in this Item 8 from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information and data to permit us to ascertain whether a supplier meets our specifications. Before beginning our evaluation, you must pay a supplier evaluation fee of \$500, and you must reimburse us for our costs associated

with the evaluation. The evaluation fee and other costs are not refundable regardless of whether or not we approve of a supplier. We will notify you in writing within 30 days after completing our evaluation as to whether the supplier has been approved or disapproved. We may make changes or alterations in the standards and specifications approving suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days' written notice to you.

Standards and Specifications

We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our manuals and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Negotiated Arrangements

At this time, there are no purchasing or distribution cooperatives. We currently negotiate purchase arrangements with suppliers, including price and terms for the benefit of franchisees.

Benefits Provided to You for Purchases

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

Other than as stated above, there is no obligation for you, under the terms of the franchise agreement, to purchase or lease any goods, services or real estate regarding the establishment or operation of the franchise business from approved sources.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 4.1 and 4.2	Item 11
b.	Pre-opening purchases/leases	Article VIII and paragraphs 6.1.3, 6.1.10, 6.1.12	Items 8 and 11
c.	Site development and other pre-opening requirements	Sections 4.2 and 4.3	Items 7 and 11
d.	Initial and ongoing training	Paragraphs 6.1.4 and section 7.2	Item 11
e.	Opening	Sections 4.4 and 7.4	Item 11
f.	Fees	Article V	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Article IX and section 6.2	Items 8 and 11

	Obligation	Section in Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	Article III	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII	Item 8 and 16
j.	Warranty and customer service requirements	Paragraph 6.1.2 and section 8.5	Item 11
k.	Territorial development and sales quotas	Section 6.7	Item 12
l.	Ongoing product/service purchases	Article VIII	Item 8
m.	Maintenance, appearance and remodeling requirements	Paragraphs 6.1.2 and 6.1.8	Item 11
n.	Insurance	Paragraph 6.1.10	Item 8
o.	Advertising	Article X	Items 6, 7, and 11
p.	Indemnification	Section 15.2	Item 6
q.	Owner's participation/management/staffing	Paragraphs 6.1.6, 6.1.7, 6.1.9 and 6.2.3	Items 11 and 15
r.	Records and reports	Sections 5.4 and 5.5	Item 6
s.	Inspections and audits	Section 5.6 and paragraph 6.2.2(iv)	Item 6 and 11
t.	Transfer	Article XIV	Item 17
u.	Renewal	Section 2.2	Item 17
v.	Post-termination obligations	Article XII	Item 17
w.	Non-competition covenants	Article XVI	Items 14, 15 and 17
x.	Dispute resolution	Article XVII	Item 17
y.	Compliance with Government Regulations	Sections 4.1 and 4.3 and paragraph 6.1.1, 6.1.10, 12.1.11, and 16.1	Item 12
z.	Guarantee of franchise obligations	Section 6.3	Item 15

ITEM 10 FINANCING

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

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

Except as listed below, Phoenix Franchise Group, LLC is not required to provide you with any assistance. Pre-Opening Assistance

Before you open your franchise business, we will:

- 1) Designate your search area [franchise agreement section 1.1].

2) Approve of your site. However, we do not assist in locating a site. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. We must approve of your site before a lease is entered into and you begin construction. Our approval is based upon the following criteria: rent and other lease terms, accessibility, access, appearance, visibility, traffic patterns, general daytime and nighttime population of the area, number of and types of businesses in the area, parking, square feet, access, general vicinity, and the ability to build out the site in accordance with the brand image. We will do an initial site visit at our expense to approve a location prior to you signing a lease. However, if we approve a site and send our architect to begin architectural plans, any additional site visits to that location before the lease is signed, or visits to approve a different location after we have already approved a first location, will be at your expense. We do not own properties that we lease to you, and we do not assist you in negotiating the purchase or lease of your site. If you and we disagree about the proposed location, you must locate another acceptable site for your restaurant and repeat the process [franchise agreement section 4.1 and 4.2].

3) Make available general written specifications for those items listed in Item 8. For purchase, delivery and installation, you are required to work directly with the manufacturer or supplier of these items. We do not offer assistance in the delivery or installation of any of these items [franchise agreement sections 7.1, 8.1 and 8.5].

4) Provide you with the names of approved and designated suppliers [franchise agreement section 7.1].

5) Provide you preliminary design and layout plans for your restaurant. You must adapt your restaurant to our general specifications at your own expense, in accordance with local, state and federal laws, rules and ordinances. You are responsible for obtaining any required permits [franchise agreement section 4.3 and 7.1].

6) Loan you a copy or provide electronic access to our confidential manuals, containing mandatory policies, operating procedures and other information. The manuals are confidential, will remain our property and may be used only in association with your Rodizio Grill® franchise business and only during the term of the franchise agreement. You must keep the contents of all manuals confidential. The master copy of the manuals maintained by us will be controlling in the event of a dispute relative to the contents of the manuals. You may not copy any part of the manuals either physically or electronically. The table of contents for the policies and procedures manual is included as Exhibit “F” to this disclosure document and is approximately 43 pages. You may not copy any part of the manuals, either physically or electronically [franchise agreement article IX].

7) We provide an initial training program for your operating principal and your head staff, which includes your general manager, along with the kitchen managers and your grill master as described at the end of this Item 11 [franchise agreement paragraph 6.1.4].

8) Send our representatives to visit and assist with the rehearsal and opening for 7 days prior to and up to 10 days following your grand opening. We send the number of representatives that we determine, in our sole discretion, is needed to assist you, but generally this consists of 6 to 8 representatives prior to opening and 1 to 3 representatives following the grand opening. There is no fee for this assistance, but you must cover 50% of the lodging for our representatives, and you are expected to feed them at your restaurant during this time [franchise agreement section 7.4].

Lease, Construction and Commencing Operations

You will have 12 months to have a site approved for your franchise business and a lease signed for your franchise business. You must use a local broker that has experience with retail/restaurant representation in your site

selection. Site approval should be completed by us, and notice provided to you in writing within 4 weeks or less after you have selected a prospective location [franchise agreement section 4.1 and 4.2].

You must provide us with written notice of the location and mailing address of your premises. We have the right to review the lease relating to your franchise business prior to execution. You must also deliver an executed copy of the lease to us within 15 calendar days after execution. Any lease or other document of occupancy of the premises must include a provision allowing the assignment of the lease to us or our nominee, at our option, in the event the lease agreement or franchise agreement is terminated for any reason [franchise agreement section 4.2].

You are required to have the landlord consent to an assignment of the lease before the lease agreement is signed. Your landlord must also sign or incorporate into your lease the landlord's consent we provide to you [franchise agreement paragraph 4.2.2].

Construction must be started within 30 days from the time you pull permits and be completed within 12 months of pulling permits. You are required to begin operations within 15 days after construction is complete, and you must give us not less than 30 days' prior written notice of the opening date. You must supply us with a valid certificate of occupancy before you can begin operations [franchise agreement sections 4.3 and 4.4]. None of our representatives will be sent for opening assistance until we receive your valid certificate of occupancy [franchise agreement section 7.4 and paragraph 6.1.5].

Failure to meet these deadlines for any reason, including our disapproval of a proposed site location, or if we cannot agree on a site, may result in a termination of the franchise agreement without a refund. However, if you can show a good faith effort to meet these deadlines, we may agree to extend a specific deadline at our discretion [franchise agreement section 4.6].

Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 8 to 18 months. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance and delivery and installation of furniture, fixtures, equipment, signs, and inventory items.

Assistance During Operation

During the operation of your franchise business, we will:

1) Provide you with updates to the manuals, which updates may be in the form of emails, newsletters, announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes in the system including the development of or change in products and services [franchise agreement section 9.1]. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify [franchise agreement paragraph 6.2.2(iii)]. We will keep the manuals current, which may be provided to you online or in electronic format, and you are responsible for periodically checking the manuals to ensure that you are aware of and compliant with the most up-to-date information and system requirements.

2) At your reasonable request or at our discretion, provide training either remotely or in person. For additional in-person training, you will be charged a fee of \$200 per person, per day (unless you come to us, in which case there is no fee), and you will be required to cover travel, lodging, food and other expenses of your attendees or our representatives. We have the right to limit this training to 3 weeks at a time [franchise agreement

paragraph 6.1.4(iii)]. However, for problems and training for the computer system, other equipment and warranty items, you must work directly with your supplier of these items [franchise agreement section 8.5].

3) Maintain a website for the Rodizio Grill® brand that will include your business information and telephone number for your location [franchise agreement section 7.6].

During the operation of your franchise business, we may:

4) Hold conferences or seminars to discuss improvements, new developments, mutual concerns and business issues. At this time, you are required to send at least one qualified representative to each conference, but this policy may change at some time in the future. Currently, there is a \$600 to \$1,200 conference fee per attendee for conferences held in the continental United States. If we choose to hold a conference outside the continental United States, the conference fee will be higher. These conference fees are subject to change at any time in our sole discretion. In addition, you must pay all your travel, lodging, food and other expenses. These conferences will be held at various locations chosen by us [franchise agreement paragraph 6.1.13].

5) Make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing. Upon our request, at all reasonable times, you will provide us with video and/or digital images of the interior and exterior of your franchise business as set forth in the manuals [franchise agreement paragraph 6.2.2(iv)]. You must also provide us with the contact information and sign a consent form allowing us to speak to your accountant, landlord, vendors, etc., to verify compliance.

6) Conduct additional seminars, which may be through online webinars, videos, live video conferencing or other electronic media, phone conferences or in person, to discuss improvements, new developments, mutual concerns and business issues, sales, marketing, personnel training, bookkeeping, accounting, inventory control and performance standards. We may charge a seminar fee, and you may be required to pay all your travel, lodging, food and other expenses. In-person seminars are normally held at various locations chosen by us [franchise agreement paragraph 6.1.13].

7) Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.5].

8) To the degree permitted by law, suggested retail price, specify maximum and minimum pricing above or below which you will not sell any goods or services [franchise agreement paragraph 6.1.11]. You must honor all coupon, price reductions and other programs established by us [franchise agreement paragraph 6.2.2(ii)].

9) At your expense, require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your premises from time to time as we may reasonably direct, but not more often than every 5 years, and we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of this franchise agreement (except for required changes to the trademarks, or changes due to health or government mandates, guidelines, or public concerns which we may require at any time). This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment and technology. You will also be required to complete any day-to-day maintenance issues as they occur during the term of the franchise agreement. We also have the right to require you replace equipment at any time. You must implement all changes within the time frames required by us but in no event more than 6 months from notice [franchise agreement section 6.1.8].

10) Provide you with an email address which must be used in all correspondence and communications involving your franchise business. If we provide you with an email account/address, we have the right to access

your email account. You are not allowed to use a non-approved email for business purposes involving the franchise business [franchise agreement paragraph 6.2.2(i)].

11) Refine and develop products or services that you will offer to your customers [franchise agreement paragraph 6.2.2(iii)].

Employment Matters

We do not assist you with the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, work rules, or working conditions of your employees. That is your responsibility. We may provide you with a sample guide or manual, but if we do, it will only be an example of certain employment matters that you may adopt or not. It is your responsibility to comply with state and federal employment laws [franchise agreement paragraph 6.1.9].

Assisted Management

During the term of the franchise agreement, you must meet the following minimum performance standards: 1) at all times you must maintain a balance of 3 months of operating capital in your operating account; 2) you must keep your rent current at all times; 3) you must timely pay all state and federal withholding taxes and sales tax; 4) you must timely pay all designated suppliers; and 5) after the first 6 months of operations, you must generate at least \$80,000 in gross sales each month. If you fail to meet the minimum performance standards and fail to cure, then we have the option to terminate your franchise or assist you in the management of your franchise business for up to 6 months, at our discretion. For our assistance, you will be charged a fee of \$200 per day, per representative, plus the representatives' cost of travel food and lodging during the assistance period. You will also continue to be responsible for royalties, monetary fees and other fees during this time [franchise agreement section 6.7].

Advertising and Promotion

You must spend at least 2.5% of gross sales each month to advertise your franchise business locally. If you choose to do trades with vendors for advertising, such amounts will not be counted towards the 2.5% requirement. We may increase the required local marketing amount upon 60 days' notice to you. However, the increase will not be more than 4% of gross sales [franchise agreement section 10.3 and paragraph 5.3.2].

We may provide you with samples of marketing materials developed by us and provide new marketing techniques as developed [franchise agreement section 10.4]. You may develop marketing materials for your use, at your cost, but all marketing material developed or used by you must have our prior written approval. Any marketing materials or concepts you create becomes our property and will be considered a "work-made-for-hire" that can be used by us and other franchisees without compensation to you. If you do not receive written approval or disapproval within 10 days of the date we received your submission, the materials submitted are deemed unapproved [franchise agreement sections 3.11 and 10.5].

Marketing Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system, or to spend any amount on advertising in your territory, we currently maintain and administer a national advertising, marketing and development fund (referred to as the "marketing fund") for local, regional, or national marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. We may utilize the marketing fund to develop and test various media and technologies for potential utilization and/or improvement of the system and marketing of the system [franchise agreement section 10.1].

You must contribute 1% of your gross sales to the marketing fund. Contributions to the marketing fund may not be uniform. Restaurants owned by our affiliates are not required to contribute to the marketing fund [franchise agreement paragraphs 5.3.1 and 10.5.1].

We are responsible for administering the marketing fund, but we are not a fiduciary of the marketing fund. We will direct all uses of the marketing fund, with sole discretion over: (1) the creative concepts, materials, endorsements and media used (that may include television, Internet, social media, radio, print, and other media and marketing formats as developed over time, advertising as funds permit); (2) the source of the marketing or public relation efforts (that may be in-house or through an outside agency located locally, regionally or nationally); (3) the placement, timing, and allocation of these programs (that will be local or regional); and (4) the composition of all geographic territories and market areas for the development and implementation of these programs [franchise agreement paragraph 10.1.1]. Funds may be used to solicit additional franchisees and to promote the brand, but we will not use more than 10% to solicit franchisees. Additionally, we reserve the right to include a notation in any advertisement or website indicating “franchises available” or similar phrasing [franchise agreement section 10.1.2].

We may use the marketing fund to acquire trademark registration(s) or domain names to promote the franchise system, and we may use the marketing fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in the marketing fund. We are not required to spend any amount on marketing directly in the area or territory where you are located, and we do not guarantee that advertising expenditures will benefit you or any other franchisee directly, on a pro rata basis, proportionally, or at all. We are not required to segregate the marketing fund from our general operating funds [franchise agreement paragraph 10.1.2].

Advertising Expenditures in the Last Fiscal Year

During the year ending December 31, 2023, we collected \$595,742 from all franchisees for the marketing fund and spent \$597,398 of the collected funds for marketing, with 33% spent on media placement, 12% on production, and 55% on administrative expenses or other related expenses.

Any unused marketing funds in any calendar year will be applied to the following years’ fund. The marketing fund is unaudited. Once each calendar year, you may send us a written request to receive an unaudited annual report of marketing expenditures from the previous fiscal year. We will provide this report within 90 days of written request [franchise agreement section 10.1.2].

Advertising Council

No franchise advertising council is anticipated at this time.

Advertising & Marketing Cooperative

You are required to participate in a local or regional advertising cooperative when established or approved by us. The area of any cooperative marketing association will be based on regions determined by us. Your marketing area is defined as a market with multiple Rodizio Grill® locations as determined by us. Upon the formation of an advertising cooperative, you will be deemed to be a member of that association as covers the area in which your franchise is located, and you will be bound by any decisions made by the association upon a majority vote by voting members. You and other franchisees in the cooperative will be responsible for the administration of the association. Governing documents will be provided by us or by the cooperative and approved by us. At this time, these governing documents are not available. Voting will be on the basis of one vote per affiliate-owned location and one vote per franchise in good standing within the cooperative. You will be required to contribute marketing fees to any local or regional cooperative marketing associations as determined by the cooperative members. The

timing and amount of this contribution may vary according to the vote and rules of the advertising cooperative but will not exceed your required annual local marketing percentage in any single year unless a majority of the members in your advertising cooperative vote to increase the contribution percentage. If We or an affiliate control voting in a cooperative, the fees payable to the cooperative will not be more than 2.5% of gross sales. The cooperative will be required to prepare annual unaudited financial statements, and these will be available to all franchisees in the cooperative, and us, for review. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time [franchise agreement section 10.2].

Other Marketing Funds

At this time, you are not required to participate in any other marketing funds.

The Internet

You may not create a website for your franchise business. However, we may allow you to place pre-approved information concerning your franchise business on our website, as developed by us. You cannot engage in marketing on the Internet, including posting for re-sell, items on third party re-sell or auction-style websites such as eBay, Craigslist or Amazon without our prior written permission. You may not claim any web listing on sites such as Yelp. We have the right (but not the obligation) to manage and control all online reviews for your franchise [franchise agreement paragraph 10.6.1].

Social Media

We will own all social media accounts related to the brand, but we may provide you access to the social media account for your location for certain management responsibilities and functions. You cannot change any login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. In all cases, we will have administrative access, and access to account information, and any other information related to your social media activities related to the Rodizio Grill® brand. All social media for our brand must strictly comply with our policies and procedures. We can alter, remove, or require that you alter or remove a post or content we deem inconsistent with the Rodizio Grill® brand. You must sign our digital and social media authorization for assignment as part of your franchise agreement. We reserve the right to restrict your use of social media in the future [franchise agreement section 10.6.2].

Computer/Point of Sale System

We require you to lease or subscribe to a 3 to 5 terminal POS computer system designated by us from our designated supplier. The system must meet our specifications and requirements. The POS system currently provides:

- Reporting of sales
- Employee time keeping
- Gift card tracking
- Credit card payment
- Coupon tracking
- Management and purchase tracking

We will have independent access to the information and data collected or generated by the computer and the POS system. There are no contractual limits on our rights to do so. You must keep these systems available for our access 24 hours a day, 7 days a week. We may require updates and upgrades to your computer hardware, software and POS system at your expense during the term of the franchise agreement. There are no contractual limitations on our right to do so. The estimated cost to lease the point of sale system is \$200 to \$400 per month (\$2,400 to \$4,800 annually).



The monthly fee includes the software, all annual maintenance, upgrades and support. We estimate the annual costs to maintain your computer system to be \$300 to \$1,200. We reserve the right to change the POS system at any time, and you are required to comply with and are solely responsible for the fees associated with such changes. We are not required to maintain, repair, update and/or upgrade your computer or POS system. There are no contractual limitations to the frequency and cost of the obligation to upgrade and maintain the computer or POS system [franchise agreement paragraph 6.1.12]. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement section 8.5].

Loyalty Programs

You are required to participate in the loyalty, gift card, discount, memberships, subscription, and coupon programs we develop. You are not allowed to implement any sort of loyalty, coupon, membership, gift card or subscription model without our prior written permission [franchise agreement paragraph 6.2.2(ii)].

Accounting

You are required to use the account software designated by us, and we can require that you give us view-only access to your account. We also reserve the right to require you to follow our accounting procedures and line items, including standardized profit and loss statement templates, balance sheet templates, and charts of account as we may designate [franchise agreement paragraph 6.1.12(i)].

Reservation System and Customer Loyalty System

You are required to use the reservation system and the customer loyalty system designated by us. You are required to provide us administrative access to such accounts. All customer data generated through these systems belongs exclusively to us. Our current designated reservation system is called Restaurant Connect, which currently charges \$150 to \$300 per month (\$1,800 to \$3,600 annually). These fees or the provider may change in the future. You must also use our designated email club membership, “Club Rodizio,” as we designate. There is currently no fee charged to you to use the club membership system, but you may be charged a fee in the future. The method of sales and pooling and reconciling the funds for all such programs will be determined by us as set forth in the manuals [franchise agreement paragraph 6.2.2(ii)].

Gift Cards

You are allowed to sell approved Rodizio Grill® gift cards at your franchise business. All such approved Rodizio Grill® gift cards sold at your franchise business will be considered part of your “location pool,” and you are responsible for maintaining proper accounting of all such gift card issuances on your general ledger. By contrast, gift cards purchased online will go into the general “corporate pool” of gift cards maintained by us. You are required to know and comply with local and federal laws and regulations related to gift cards, including laws related to the expiration of gift cards, non-use fees, local unclaimed property, escheat laws, etc. We have the right to implement policies to verify compliance with all such laws and regulations. You are not allowed to implement any other sort of coupon, loyalty or gift card program without our prior written permission [franchise agreement paragraph 6.2.2(ii)].

Merchant Provider

At your sole cost and expense, you are required to use our designed merchant services or payment processor, and to pay all monthly, annual, service, and upgrade fees. The required or designated provider may change at any time, and you are required to comply with any changes and are solely responsible for the fees associated with any changes [franchise agreement paragraph 6.1.12(iii)].



Online Ordering and Delivery

You must participate in any online ordering program for takeout or delivery program we create or adopt and cover the applicable fees for such program. You will not participate in any third-party delivery platform unless approved by us [franchise agreement paragraph 6.2.2(v)].

Miscellaneous

We may approve exceptions to or changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to such variances [franchise agreement sections 20.15].

Initial Training

We provide you with an initial training program, which may be held at the Rodizio Grill® restaurant location designated by us, which could be in or outside of Utah. Your operating principal and your general manager, if your general manager is other than the operating principal, along with your kitchen managers and your grill master are required to attend and successfully complete the training program. The training program is held on an as-needed basis [franchise agreement paragraph 6.1.4].

Your “operating principal” is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind the franchise business in all dealings with us. Your operating principal must be involved with the business as described in Item 15 [franchise agreement article XXI].

Successful completion of training must be completed to our satisfaction at least 4 weeks before you may open your franchise business. Successful completion will be determined by our trainers but may include demonstrating knowledge of basic techniques, knowledge of policies and procedures, food preparation and assembly, daily operations, record keeping, computer system competency, marketing, and customer service. You shall bear the cost of all travel, lodging, meals and all other living costs and expenses and compensation for all of your attendees at the training session. Each person must attend the same training session. The length of training depends on the prior experience of your attendees but should last approximately 4 to 6 weeks for your operating principal, general manager, and kitchen managers, and 3 weeks for your grill master. The estimated cost of training is \$17,000 to \$30,000 for 4 people to be trained.

Below is a table listing the subjects taught and the amount of classroom and onsite training provided as part of the initial training.

TRAINING PROGRAM¹

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION³
Week 1	5	0	At a location of our choice
Introduction			
Front of the house greeter, server, meat server and management training	0	40-50	At a location of our choice



Week 2 Front of the house bar, cashier, busser and management training	0	40-50	At a location of our choice
Week 3 Mixed front of the house and back of the house training, including grill, salad bar presentation, appetizers and desserts	0	40-50	At a location of our choice
Week 4 Back of the house training on meat prep, salad prep, inventory and ordering	0	40-50	At a location of our choice
Week 5 Restaurant operations, including systems training and additional managerial training	0	40-50	At a location of our choice
Week 6 Restaurant operations, running the floor, all elements together, review, fine tune and follow-up	0	40-50	At a location of our choice
Total²	5	240 - 300 ¹	

¹ The training program for franchisees may be changed due to updates in materials, methods, manuals, and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to you and personnel may vary based on the experience of those persons being trained.

Note 1: On-the-job training will vary by 1 to 2 weeks depending on prior experience and ability to learn restaurant operations.

Note 2: We do not have a formal training staff. You may receive training from David Knighton, Eduardo Goulart, Nicholas Utrera, or David Rigby each of whom have long-term experience the Rodizio Grill® system and operating and managing Rodizio Grill® restaurants, or you may receive training from others in the Rodizio Grill® system. All training instructors will have a minimum of 1 year of experience working in the Rodizio Grill® system.

Note 3: Training can take place at a different location designated by us.

Below is a summary of the experience of our lead trainers.

David Knighton: Mr. Knighton is the VP of Franchise Development for the Rodizio Grill® brand and oversees the development, operations and training for the brand. He owns 2 Rodizio Grill® franchises and has worked as General Manager of the Rodizio Grill® restaurant in Salt Lake City, Utah as well as Operations Director for the company since 2004.

Eduardo Goulart: Mr. Goulart is currently the Executive Chef for Rodizio Grill®. Mr. Goulart is also the Director of Operations and oversees training related to recipes, purchasing, inventory, food operations and kitchen



productions. He is currently the Executive Chef for the Rodizio Grill® concepts, as well as Director of Operations. He has also worked as general manager, kitchen manager, and several other front-line and back-of-the-house positions dating back to 1998.

David Rigby: In 1998 Mr. Rigby joined Rodizio Grill® as part of the opening management team at the Salt Lake City, Utah location. He worked all positions within the management team and eventually became the General Manager at that location. He returned to Rodizio Grill® in 2014 as Sr. Operations Manager to provide operational support and operations training for corporate and franchise locations.

Nicholas Utrera: Mr. Utrera grew up being involved with the Rodizio Grill® concept. He has also served in many different capacities at Rodizio Grill®. He has worked as a supervisor at the Salt Lake City, Utah Rodizio Grill® restaurant and has been a service manager as well as a general manager for our affiliate The Phoenix Restaurant Group, LLC. Currently, Mr. Utrera's is one of our operations managers and trainers.

Materials Provided at the Initial Training

We will provide access to our manuals during the initial training and other handouts to facilitate training. All attendees at any training must sign a non-disclosure agreement acceptable to us before attending the training.

Replacement Training

After the initial training, any new operating principal or head staff member from outside the Rodizio Grill® franchise system must be certified by us and complete our initial training before they can participate in the management of your franchise business. Our fee for this additional training is currently \$200 per person, per day to be trained (unless you come to us, in which case there is no fee). You must also cover the expenses for transportation, food and lodging for each of your attendees or our representatives [franchise agreement paragraph 6.1.4(i)].

Additional Trainings

We may provide additional training to you at your request or in our sole discretion if we believe it is in the best interest of your franchise business or if you are in default. Our fee for this additional training is currently \$200 per person, per day to be trained (unless you come to us, in which case there is no fee). We have the right to limit additional training to 3 weeks at a time. You must also cover the expenses for transportation, food and lodging for each of your attendees or our representatives [franchise agreement paragraph 6.1.4(iii)].

Cultural Training

Within the first 2 years of opening your Franchise Business, You and any employees you feel would benefit from an understanding of the Brazilian culture, are strongly encouraged to travel to Brazil to receive the proper cultural training to run a Rodizio Grill® restaurant. This trip should be for at least seven days and include visits to Sao Paulo and Rio de Janeiro. You are responsible to cover all expenses for the trip, including all travel, food and lodging for you and your employees. We and/or our representatives may but are not required to accompany you on this trip. In the event you undertake this cultural training, and our representatives accompany you, we will cover the cost of our representatives [franchise agreement paragraph 6.1.4(v)].

At this time, other than listed above, no additional trainings or refresher courses are required.



ITEM 12 TERRITORY

Non-Exclusive Territory

You will not receive an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will not establish another traditional franchise or company owned brick and mortar unit using the trademark within your territory.

Non-Traditional Outlets

We and our affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell Rodizio Grill® outlets through non-traditional franchises at our discretion, both within and without your territory, without paying compensation to you. These outlets may include locations at convention centers, military bases, universities, sporting arenas, airports, transportation facilities, (including rail or bus terminals, toll road plazas and highway rest stops); urban office building; supermarket; carnival or street fair; government facility; shopping mall; educational facility; casino; resort property; amusement park or amusement center, and other similar locations.

Grant of Territory

Under the franchise agreement, we will grant you the right to use the system and proprietary marks solely at a specific location within your territory, the boundaries of which will be negotiated prior to signing the franchise agreement and described in the franchise agreement. You do not receive the automatic right or option to acquire additional franchises.

Size of Your Territory

The specific size of your territory is set by us based upon the population density, the business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors, but generally, your territory will be approximately 10 driving miles in all directions from your restaurant or an area with approximately 300,000 people, whichever is smaller. The written boundaries of your territory will be included in your franchise agreement. We have the right to adjust the boundaries of your territory based upon increases in the population in the territory of 100,000 or more. In determining the total population within your territory, we generally consult the United States Census estimate, available via the Internet website located at census.gov/quickfacts.

Territory Restrictions

You are restricted to operations from an approved franchised premises and may not open or operate another outlet whether inside or outside the territory or provide mobile or off-site services without our prior written approval.

Relocation

You do not have the automatic right to relocate your business, and we have the right to deny any relocation request. You must obtain our prior written permission if you want to relocate your franchise, and you must be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is determined on a case-by-case basis and is based on factors such as your operational history, our then-current criteria used in approving a new franchisee's proposed site, and other factors that are relevant to us at the time of the relocation request. You must also pay a relocation fee of up to \$10,000 to defray our costs associated with the relocation.



Minimum Sales Requirement

Your franchise agreement is dependent upon achievement of a minimum sales volume, market penetration or other contingency. Specifically, after the first 6 months of operating your franchise business, you must achieve at least \$80,000 in gross sales per month. Failure to meet this requirement may result in the creation of a sales performance plan with us in which you will be given a period of time in which to increase sales to achieve this requirement or face possible termination of the franchise agreement.

Your Rights to Use Channels of Distribution

You do not have the right to sell products or services through other channels of distribution, including the Internet, apps, or social media sites. Other franchisees may advertise within your territory, and you may advertise within other territories.

Our Rights to Use Channels of Distribution in Your Territory

We and our affiliate reserve the right to sell, market and distribute Rodizio Grill® products and services as well as product and services under other trademarks and brands we control both within and outside your territory using other marketing strategies and distribution channels, such as the Internet, social media, apps, television, radio, catalogs and other direct sales methods, to or through grocery stores and wholesale outlets, and co-branding with other outlets. We do not pay you for soliciting or accepting orders or selling any products or services through these channels inside your territory.

Catering

You have the right to provide catering services within your territory. You must receive our prior written approval to provide any catering services outside of your territory, and unless otherwise clearly indicated, such approval will only apply to a specific event, and you must seek our prior written approval each time you desire to cater outside of your territory. All catering must be performed in accordance with our manuals.

Competition by Us Under Different Trademarks

Our affiliate Tché Franchising, LLC started selling Tché Brazilian Grill™ in 2020. The Tché Brazilian Grill™ is a concept similar to Rodizio Grill® that sells goods and services similar to those sold in a Rodizio Grill® restaurant but with a limited menu offering and operated under the Tché Brazilian Grill™ trademark and brand. Additionally, we reserve the right to develop other brands in the future that may be similar to your business.

ITEM 13 TRADEMARKS

Non-Exclusive Grant of the Trademark

We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business as we designate. You will not at any time acquire any rights in the trademarks. By trademarks, we mean our trade names, trademarks, commercial symbols, service marks and logos.





Agreements Regarding the Trademark

Under a license agreement entered into between The Phoenix Restaurant Group, LLC and us in 2006, we were granted the right to use and sublicense the trademarks used in the Rodizio Grill® system for 50 years. The license may be terminated for our default, but the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Registered Trademarks

The following trademarks, service marks, trade names, logo types or other commercial symbols listed below are registered or filed for registration with the United States Patent and Trademark Office on the Principal Register, or they have not been filed for registration, and we claim common law rights in them. All required affidavits and renewals have been filed.

Registration/ Serial Number	Mark	Registry	Registration/ Filing Date	Status
3246293	RODIZIO GRILL® (word mark)	Principal	May 29, 2007	Registered
2050684	 (design mark)	Principal	April 8, 1997	Registered
4252980	AMERICA'S FIRST BRAZILIAN STEAKHOUSE® (word mark)	Principal	December 4, 2012	Registered
N/A	 (composite mark)	N/A	N/A	Not registered
N/A	 (composite mark)	N/A	N/A	Not registered
N/A	 (composite mark)	N/A	N/A	Not registered

Although we have a registered trademark for the name “Rodizio Grill,” we do not have a federal registration for our principal design/logo trademark. Therefore, our design/logo trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the design/logo trademark is challenged, you may have to change to an alternative design/logo trademark, which may increase your expenses.



Registered Domain Names

We have registered, among many others, the Uniform Resource Locator (domain name) www.rodiziogrill.com. You may not register or own a domain name, social media account, email account, etc., using our trademark or any derivative of our trademark in a domain name, and you may not create or register any domain name, social media, email, etc., in connection with your franchise business or the franchise system without our prior written permission.

Use of the Trademark

You must use all trademarks in strict compliance with our policies and procedures manual and the Rodizio Grill® system. You must promptly modify or discontinue the use of a trademark, at your cost, if we modify or discontinue it, and you have no rights to compensation or otherwise under the franchise agreement if we require you to modify or discontinue using a trademark. You cannot make application for registration for any of our marks, or for any derivation of our marks. You cannot use any trademark as part of your corporate name, but you must use the name “Rodizio Grill” as part of an assumed business name or dba (“doing business as”) registered with applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of Rodizio Grill® names or derivatives thereof or any other trademark used by us.

You may only use the trademarks with the letters “TM,” “SM” or “®” as appropriate. You cannot use any trademark in the sale of any unauthorized product or service. You cannot use any other trademark as part of your franchise business that is not affiliated with us or approved by us. You must follow all security procedures required by us to maintain the secrecy of proprietary information.

Government Determinations Regarding the Trademarks

We are unaware of any effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court nor pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks or our use of or ownership rights in the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks.

Superior Prior Rights and Infringing Uses

We are unaware of any superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory.

Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate. We are not obligated to protect any rights that you have to use the trademarks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the trademarks, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the marks. We are not required to defend or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the licensed trademark.



You may not contest, directly or indirectly, our right and interest in our trademarks, names or marks, trade secrets, methods, and procedures that are part of our business. Any goodwill associated with the trademarks or system belongs to us.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

You do not receive the right to use an item covered by a patent, and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own right to, or licenses in, any patent that is material to the franchise system.

Copyrights

We registered the artwork and principal logo for Rodizio Grill® with the United States Copyright Office, on April 16, 2014, Registration Number VA0001903433. The registration will last for the life of Phoenix Franchise Group, LLC, plus 70 years. We plan to renew the copyright upon expiration. Other than above, we do not have any other copyrights registered with the United States Copyright Office.

Either through us or a parent or affiliate, we claim protected trade secrets and copyrights in parts of our franchise system. We claim other copyrights in sales literature and marketing materials that we, or our franchisees, develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us.

We or an affiliate may develop software or apps. If so, we claim copyright protection on all such items.

You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, at our reasonable discretion.

Proprietary Information

You may only use the proprietary information in our manuals but only in connection with the system and only during the term of your franchise agreement. The manuals may not be copied. The manuals must be returned to us or permanently deleted by you upon termination, transfer or non-renewal of your franchise agreement. Portions of the “system,” including our recipes, certain processes, customer lists, etc., are a trade secret or confidential and proprietary to us. You must also promptly tell us when you learn about unauthorized use of our copyrights, manuals and any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. We have the right to control any litigation. We are not required to defend or indemnify you for any damages from a proceeding based on patents or copyright. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it.

With regards to our proprietary information, the franchise agreement also provides that you will: a) strictly follow all confidential security procedures required by us; b) disclose this information to your employees only as needed to market our products and services; c) not use this information in any other business; d) exercise the highest degree of diligence to maintain this information as confidential; and e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.



Agreements Regarding Patents, Copyrights, and Other Intellectual Property

Under a license agreement entered into between The Phoenix Restaurant Group, LLC and us in 2006, we were granted the right to use and sublicense the intellectual property used in the Rodizio Grill® system for 50 years. The license may be terminated for our default, but the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Protection Against Infringement

You must also promptly tell us when you learn about unauthorized use of our copyrights, manuals and any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. We have the right to control any administrative proceedings or litigation. We are not required to defend or indemnify you for any damages from any proceeding based on patents or copyright. You must modify or discontinue the use of any patent or copyright, at your cost, if we modify or discontinue it. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the patents or copyrights, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the patents or copyrights.

Improvements to the System

Any improvements you make to the system will be owned by us and considered a “work-made-for-hire” or will otherwise be assigned to us.

Superior Prior Rights and Infringing Uses

We are unaware of any superior rights or infringing uses of the copyrights or patents that could materially affect your use of the copyrights or patents in your territory.

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

Participation and “On Premise” Supervision

We recommend but do not require on-premises supervision by your operating principal. Your operating principal must personally participate in the direct operation and supervision of the franchise business but need not manage the franchise business full-time. We require on-premises supervision by your operating principal or your designated manager who must be trained by us to manage your franchise business.

Unless your operating principal will act as the full-time manager of the franchise business, your operating principal is not required to work a certain or minimum number of hours. However, your operating principal must work sufficient hours to operate your franchise or supervise your managers so that your franchise business is operating at maximum capacity and efficiency. Your operating principal must also conduct frequent inspections of the franchise business to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods. You must have at least one manager on-site during regular business hours.



Your operating principal is also required to participate in your franchise business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping and all financial components of the franchise business; (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees required by us; (iv) be directly involved with site selection, construction and remodeling; and (v) be directly involved in all personnel decisions affecting the franchise business.

Who Must Attend and Successfully Complete Initial Training

Your operating principal and your general manager, if separate from your operating principal, along with the kitchen manager and your grill master(s), must attend and successfully complete and pass our training program before they can manage the franchise business.

Restrictions on the On-Premises Supervisor

We do not put a limitation on whom you can hire as your general manager, and your managers do not need to have an ownership interest in your franchise business.

No Competing Enterprises

Neither you, your operating principal nor your management employees can have an interest in or business relationship with any competing business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your operating principal, your partners, directors, members, and shareholders must sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 [franchise agreement exhibits A-4]. Your employees will also be required to sign a confidentiality agreement, and that agreement also imposes certain non-competition restrictions on management employees. Some states may impose certain restrictions on non-competition agreements. We provide you this form, but it is your responsibility to conform this document to the laws and regulations of your state [franchise agreement exhibits A-5].

Required Operations

You must operate the franchise business at least 7 days per week, and at a minimum, you must be open for 4 hours for dinner each day and for lunch and dinner on Saturdays and Sundays throughout the year as designated in our manuals (unless waived in writing by us).

Personal Guarantees

Any individual who owns a 20% or greater interest in the franchise business must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide and sell only those products and services specified and approved by us in writing. No product or service may be added to, altered or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify or delete products and/or services that you may offer. There are no limits on our right to do so. You must strictly follow our recipes, menu,



policies, procedures, specifications, methods and techniques concerning all our products and services. We do not put limitations on customers frequenting your restaurant.

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.	Length of the franchise term	Section 2.1	The term is 10 years. The franchise term will begin upon signing the franchise agreement and will be extended to coincide with your lease agreement for the premises so long as the lease is for approximately 120 months.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the franchise term, you can enter into a successor franchise agreement for an additional term of 10 years. Your successor agreement will also provide an option to enter into a subsequent successor agreement.

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
c.	Requirements for a franchisee to renew or extend	Section 2.2	<p>In order to renew, you must, among other things, not be in default, pay a successor franchise fee, modernize your franchise business to the then-current standards, and sign the then-current franchise agreement. When renewing, you may be required to sign a contract with materially different terms and conditions than your original contract.</p> <p>You are required to give us notice of your intent to renew between 6 and 12 months prior to expiration of your franchise agreement (subject to state law).</p> <p>If at the time for renewal we are not offering franchises in the US or cannot by law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period. If, at the end of the one-year extension we still are not or cannot offer a renewal franchise to you, the franchise agreement will automatically expire, and you will not have any further renewal or extension rights.</p>
d.	Termination by franchisee	Section 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. However, some states may allow you to terminate as permitted by state law.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the agreement.
f.	Termination by franchisor with cause	Section 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure (see (h) below).
g.	“Cause” defined – curable defaults	Section 11.1 M-T	You have 24 hours to 30 days to cure certain material defaults of the franchise agreement.
h.	“Cause” defined – non-curable defaults	Section 11.1 A-L	Non-curable defaults include insolvency, bankruptcy, conviction of felony, fraud, repeated defaults even if cured, threat of harm or harm to the public, abandonment, trademark misuse, etc.
i.	Franchisee’s obligations on termination/ non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due and compliance with

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
			the brand protection agreement, etc. (See also (r) below).
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k.	“Transfer” by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, transfer of ownership interest, the sale of substantially all your assets, etc.
l.	Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers, but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Sections 14.3-14.8	Conditions to transfer include: you are not in default, all fees are current, new franchisee qualifies, transfer and training fee paid, purchase agreement approved, training for the new transferee arranged, new transferee signs the then-current franchise agreement, and a release is signed by you, etc. You must also coordinate with the transferee to ensure coverage at the restaurant during the transferee’s initial training. These conditions are subject to state law. (See state specific addenda)
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Sections 14.9	We can match any offer for your franchise business or business assets within 60 days of written notice to us of the offer.
o.	Franchisor’s option to purchase franchisee’s franchise business	Sections 13.1 and 14.12	Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value within 90 days. Additionally, if we receive an offer to acquire a majority of the franchises or an offer to purchase a majority of our assets or stock, or to merge or go public or similar transactions, we have the option to purchase all your rights and interests in and under the franchise agreement and your franchise business at fair market value.

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
p.	Death or disability of franchisee	Section 14.10	Within 120 days of death or disability of your majority owner, your personal representative must be approved, and a new manager must be trained, if applicable, or the franchise must be assigned to approved buyer. We have the right to operate your franchise business until a trained manager is in place for which fees will apply.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business anywhere without our written consent. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the franchise is terminated, transferred or expires	Sections 16.3-16.4	<p>No competing business for 3 years within 30 miles of your franchise location or within 25 miles of another Rodizio Grill® franchise or company or affiliate owned Rodizio Grill® businesses (including after assignment). If you compete within the restrictive period, then this non-compete period will be tolled and extended for the period of your competition. Non-competition provisions are subject to state law.</p> <p>For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you may not solicit to or on behalf of a competing business any former customer of your franchise business that you serviced as a Rodizio Grill® franchisee, or customer of ours or of an affiliate or of another Rodizio Grill® with whom you interacted during the term of the franchise agreement.</p>
s.	Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but policies and procedures and the manuals are subject to change by us.
t.	Integration / merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). No provision in any franchise agreement is intended to disclaim the representations made in this franchise disclosure document. Any representations or promises made outside of the franchise disclosure document and other agreements may not be enforceable.

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes, there must be a face to face meeting, mediation and arbitration/litigation. (See state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Salt Lake City, Utah or the county where our then-current headquarters is located.
w.	Choice of Law	Sections 19.1 and 19.5	Utah law, the Federal Arbitration Act and the United States Trademark Act apply (subject to applicable state law).

ITEM 18 PUBLIC FIGURES

We do not currently 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.

Company Owned Units

The below table in this table, represents an historic financial representation of our 9 company owned Rodizio Grill® units from January 1, 2018 to December 31, 2023. We only included those units that were open for a full 12 months during a given calendar year. We have also included locations owned by anyone listed in Item 2 above.

Year	Number of Units Opened for the Full Year	Gross Sales High	Gross Sales Low	Average Gross Sales	Median Gross Sales	Number of Units that attained or surpassed the average	Percentage of Units that attained or surpassed the average
2018	7	\$4,761,780	\$1,169,198	\$2,363,107	\$2,061,898	3	42.9%
2019	6	\$5,205,685	\$1,075,083	\$2,581,392	\$2,269,534	3	50.0%
2020	8	\$3,982,618	\$425,078	\$1,535,942	\$1,192,439	3	37.5%



2021	8	\$6,732,732	\$1,782,642	\$3,257,235	\$2,814,940	3	37.5%
2022	8	\$8,222,848	\$2,300,632	\$4,153,801	\$3,825,856	4	50.0%
2023	9	\$8,921,737	\$2,099,644	\$4,156,199	\$3,382,009	4	44.4%

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

Franchise Units

The below table represents an historic financial representation of our 12 franchised Rodizio Grill® units from January 1, 2018 to December 31, 2023. We only included those units that were open for a full 12 months during a given calendar year.

Year	Number of Units Opened for the Full Year	Gross Sales High	Gross Sales Low	Average Gross Sales	Median Gross Sales	Number of Units that attained or surpassed the average	Percentage of Units that attained or surpassed the average
2018	14	\$5,177,685	\$837,564	\$2,064,127	\$2,062,028	7	50.0%
2019	15	\$5,152,163	\$938,287	\$2,119,490	\$1,957,554	6	40.0%
2020	13	\$3,237,598	\$323,130	\$1,321,766	\$1,210,995	6	46.2%
2021	10	\$3,613,601	\$1,199,986	\$2,471,869	\$2,388,984	4	40.0%
2022	11	\$4,396,683	\$1,425,000	\$2,749,872	\$2,773,198	7	63.6%
2023	12	\$4,832,924	\$1,341,854	\$2,801,097	\$2,806,967	6	50.0%

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

Notes

1. Gross Sales. The term “gross sales” means includes all revenue of the applicable unit but does not include sales tax.
2. Average. The term “average” means the sum of all data points in a set, divided by the number of data points in that set.
3. Average Gross Sales. The term “average gross sales” means the sum of the gross sales of the locations listed in an applicable group divided by the number of locations in that group.



4. Median. The term “median” means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the 2 numbers in the middle, adding them together, and dividing by 2.
5. Median Gross Sales. The term “median gross sales” means the center gross sales number of all gross sales included in an applicable group.
6. Company Owned Units. These units are located in major metropolitan areas in Colorado, Florida, Utah, and Wisconsin. Our affiliate’s locations offer products and services similar to what our franchisees will offer and follow the same Rodizio Grill® system that our franchisees are required to follow.
7. Franchise Units. All franchise locations are generally located in metropolitan areas and are generally similar other than the amount of time in operation. If a franchise unit was not opened for a full year, its numbers were not included in that year. For example, our Nashville, Tennessee franchisee has been closed since the end of 2020 because its restaurant was destroyed in the 2020 Christmas Day bombing, and our franchisee in Annapolis, Maryland was closed until April 1, 2021 due to COVID-19 restrictions.
8. Gross Sales in 2020. Gross sales in 2020 were affected by government closures and economic circumstances due to COVID-19.

You are strongly urged to make an independent survey of the economic and market conditions and the price structure adopted by competing businesses in your area and the amount of revenue and expenses generated by those businesses and to consult your accountant, attorney or financial advisor. We have not audited the numbers provided in this Item 19 disclosure, and we have not undertaken to otherwise independently verify the accuracy of such information. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Phoenix Franchise Group, LLC does not make any financial performance representations. 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 Phoenix Franchise Group, LLC at 9829 South 1300 East, Ste 302, Sandy, Utah 84094 and 801-567-0500, the Federal Trade Commission, and the appropriate state regulatory agencies.



ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	16	13	-3
	2022	13	15	+2
	2023	15	16	+1
Company Owned	2021	6	6	+0
	2022	6	6	+0
	2023	6	6	+0
Total Outlets	2021	22	19	-3
	2022	19	21	+2
	2023	21	22	+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021 to 2023

State	Year	Number of Transfers
Colorado	2021	0
	2022	1
	2023	2
Total	2021	0
	2022	1
	2023	2



Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Colorado	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Utah	2021	1	0	0	0	0	0	1



	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	14	0	0	0	0	1	13
	2022	13	1	0	0	0	0	14
	2023	14	1	0	0	0	0	15

Table No. 4
Status of Company Owned Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	1	0	0	0	2
Florida	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Utah	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Wisconsin	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
Total	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
	2023	6	1	0	0	1	6

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	1
California	0	1	0
Florida	1	1	0
Total	2	3	1

List of Franchisees

Exhibit “C” contains a list of our current franchisees and affiliate owned units. Exhibit “C” also contains a list of franchisees who have had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Disclosure of Franchisee Information

If you invest in this franchise, your contact information and financial information may be disclosed in our disclosure document.

Confidentiality Agreements

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Franchisee Organizations

We do not know of any trademark specific franchisee organization associated with our system that is required to be disclosed in this Item.

ITEM 21 **FINANCIAL STATEMENTS**

Our fiscal year ends on December 31 of each year. Attached as Exhibit “B” are our audited financial statements for the years ending December 31, 2023, December 31, 2022, and December 31, 2021. We have also included unaudited financials dated March 6, 2024.



ITEM 22 CONTRACTS

We have attached the following: as Exhibit “A,” the Franchise Agreement and its exhibits; and as Exhibit “G,” the Form Release Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

ITEM 23 RECEIPT

The last 2 pages of this disclosure document contain the receipt in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. If you do not sign the receipts via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Phoenix Franchise Group, LLC at 9829 South 1300 East, Ste 302, Sandy, Utah 84094, or by emailing a copy to franchising@rodiziogrill.com.



SCHEDULE 1 TO THE FDD

STATE REGULATIONS FOR THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.
2. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
6. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of Utah. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
8. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. Neither franchisor nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling this or these persons from membership in such association or exchange.
10. Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.



11. Our website at www.rodizio.com has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

12. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

13. **Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy.** Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

14. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

15. 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.

16. Franchisees owning 20% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

17. Item 6 under Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."

18. Item 19 is amended to include the following:

"The financial performance representations do not reflect the costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this offering circular, may be one source of this information."

18. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

19. We do not have a federal trademark registration for some of our principal logos. Therefore, such trademarks does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademarks are challenged, you may have to change to an alternative trademark, which may increase your expenses.



20. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.



STATE REGULATIONS FOR THE STATE OF MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute ' 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ' 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400D prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.



5. The disclosure document and franchise agreements are hereby amended to exclude from any release requirements the release of claims under Minnesota Franchise Law.
6. Any limitation of claims must comply with Minn. Stat. ' 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

Franchisee (Signature)



EXHIBIT “A”
TO THE FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT





FRANCHISE AGREEMENT

By and Between

PHOENIX FRANCHISE GROUP, LLC

and

(Franchisee)

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This Agreement and the Schedules and Exhibits attached hereto are subject to the copyright of The Franchise & Business Law Group, LLC

**RODIZIO GRILL®
FRANCHISE AGREEMENT**

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RODIZIO GRILL®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into and made effective as of _____, by and between Phoenix Franchise Group, LLC, a Utah limited liability company (“Franchisor” or “We,” “Us” or “Our” as further defined in Article XXI below) and _____ (“Franchisee,” “You” or “Your” as further defined in Article XXI below).

WHEREAS, We have obtained the license to use and sublicense the Marks and system for the operation of a Rodizio Grill® Brazilian-style steakhouse restaurant, utilizing the Marks and System, and offering to the public meats seafood, salads, desserts, beverages and other full-menu restaurant items (“Franchise Business”); and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Rodizio Grill® Franchise Business using the System.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

ARTICLE I
AWARD OF FRANCHISE

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-sublicensable personal right to establish and conduct a Franchise Business as a Rodizio Grill® franchisee and the right to use the System and the Marks only as specifically set forth herein. This right is granted for use at a single location approved by Us (“Premises”) within Your Territory listed on Exhibit “A-1” (“Territory”). You must operate Your Franchise Business in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals.

1.1.1 Territory Rights. Except as set forth in Section 1.3 below, during the term of this Agreement, We will not establish or operate a traditional company-owned outlet or grant to any person or entity a franchise within the Territory using the same or similar System as that licensed by this Agreement. You are granted a protected territory, meaning We will not place another traditional Rodizio Grill® unit within Your Territory during the term of this Agreement.

1.1.2 Population Increase. We have the right to adjust the boundaries of Your Territory if the population in Your Territory increases by 100,000 or more as measured from the date of this Agreement.

1.1.3 Catering. You have the right to provide catering services within Your Territory. However, You must receive Our prior written approval to provide any catering services outside Your Territory and unless otherwise clearly indicated, such approval will only apply to a specific event, and You must seek Our prior written approval each time You desire to cater outside of Your Territory. No course of conduct of providing catering services outside of Your Territory will be construed as expanding Your Territory. All catering must be performed in accordance with Our Manuals.

1.2 Scope of Franchise Operations. You shall at all times comply with Your obligations hereunder and must continuously use Your best efforts to promote and operate Your Franchise Business.

1.3 Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. You expressly acknowledge and agree that this license is non-exclusive and that We retain among other rights, the right, in Our sole discretion: 1) to establish and license others to establish and operate Rodizio Grill®



businesses outside Your Territory; and 2) to operate and license others to operate businesses anywhere that do not operate under the Rodizio Grill® brand name.

1.3.1 Non-Traditional Outlets. We and Our affiliates, either personally or through agents and representatives, reserve the right to open or sell Rodizio Grill® outlets at non-traditional venues within Your Territory. These outlets Include locations at convention centers, military bases, universities, sporting arenas, airports, transportation facilities, (Including rail or bus terminals, toll road plazas and highway rest stops); urban office building; convenience store or service station; supermarket; carnival or street fair; government facility; shopping mall; educational facility; casino; resort property; amusement park or amusement center, and other similar locations.

1.4 Restriction of Territory Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of a Franchise Business at the Premises and do not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory, or in any other manner, except as may be allowed by this Agreement and Our Manuals. You cannot operate any other business from the Premises other than the Franchise Business.

1.5 Rights to Use Channels of Distribution. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. We and Our affiliates expressly reserve the right to Market in Your Territory and elsewhere using Marketing strategies and distribution channels Including websites, the Internet, television, radio, Social Media, apps, direct marketing, telemarketing, catalog sales, direct sales, to or through grocery stores wholesale outlets, and co-branding with other outlets. You may not sell Our products and/or services using such reserved Marketing strategies and distribution channels without Our prior written permission. We do not pay You for soliciting or accepting orders for any products or services We make inside Your Territory. You are permitted to Market to customers outside of Your Territory.

ARTICLE II TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of 10 years unless terminated earlier pursuant to Article XI herein. However, at the time You sign a Lease for the Premises, the term of this Agreement will be extended to coincide with the expiration date of Your Lease, so long as such Lease is approximately 120 months unless otherwise agreed in writing by Us. If We are required by law or otherwise to give You notice before the Termination of this Agreement, and fail to do so, this Agreement will remain in effect from month to month until We have given the required notice.

2.2 Successor Franchise. You have the right to be awarded a successor franchise (“Successor Franchise”) upon the expiration of the original term for an additional term of 10 years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this Agreement; 2) You have complied with and timely met material terms and conditions of this Agreement throughout the initial term; 3) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 4) You have timely paid all monetary obligations owed to Us during the term of this Agreement; 5) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business; and 6) You give Us written notice of Your intent to renew at least six months and not more than 12 months prior to the expiration date of the term hereof. Your Successor Franchise Agreement will also provide for a successive franchise term. Your failure to give such notice will constitute an election not to enter into a Successor Franchise Agreement (defined below). If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis, requiring You to abide by Our then-current Fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated by Us upon 30 days prior written notice to You for any reason whatsoever.

2.2.1 Commencement Date for Successor Franchise Term. Unless another date is specified in a Successor Franchise Agreement, which date will supersede, said Successor Franchise term, Including any month-to-month term, will commence on the day following the expiration date of the initial or applicable Successor Franchise term.

2.2.2 Notice of Non-Approval. Upon receiving Your election to enter into a Successor Franchise, We will have 45 days to provide written notice in the event You do not qualify for a Successor Franchise. If We, after receipt of Your notice of election, decide for good cause, not to approve the Successor Franchise, We will give You such notice of non-approval as required by law.

2.2.3 Successor Franchise Agreement. If approved as a Successor Franchise, You must execute Our then-current form of Our successor franchise agreement (“Successor Franchise Agreement”). The Successor Franchise Agreement is contingent upon You signing personal guarantees and a general release of all claims against Us (existing at that time) arising from this Agreement, the relationship created herein, and Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement, and You shall pay royalties and other continuing Fees at the then-existing levels required to be paid by new franchisees. You shall sign and return to Us the Successor Franchise Agreement at least 90 days prior to the expiration of this Agreement, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement. **You acknowledge that You will be bound by the form of the Successor Franchise Agreement in effect at the time which may contain Fees and charges, territorial and other changes in material provisions different from those contained in this Agreement, Including terms affecting payments to Us and/or Our affiliates.**

2.2.4 Successor Franchise Fee. If approved for a Successor Franchise, You shall pay to Us a non-refundable Successor Franchise Fee set forth in Exhibit “A-3,” payable in full at the time of execution of the Successor Franchise Agreement.

2.2.5 Successor Franchise Training. As a condition to Us approving You entering into a Successor Franchise Agreement, Your Operating Principal, and/or other key personnel may also be required to attend and successfully complete any training, certifications and other programs at such times and locations as We specify. You may be required to cover the expense of travel, meals, lodging and other related costs for such training and certifications.

2.2.6 Upgrading Your Franchise Business. As a condition to Us approving You entering into a Successor Franchise Agreement, at Your expense, You are required to Update Your Franchise Business and Premises to the extent and in the manner specified by Us to conform with and bring it up to the standards, image, and capabilities as required new Rodizio Grill® restaurants being opened at the time the Successor Franchise takes effect. Unless otherwise waived by Us, such improvements must be made within six months of signing the Successor Franchise Agreement. You shall make all necessary arrangements to continue the occupancy of Your existing Premises through the Successor Franchise term(s) unless We give written permission to relocate Your Premises.

2.2.7 Unable to Offer Successor Franchise. Notwithstanding the preceding paragraphs of this Section, if at the time You provide Your notice of a desire to enter into a Successor Franchise Agreement, and We are no longer offering franchises in the United States, or not able by law to offer a successor agreement to You, then this Agreement will automatically be extended for a period of one year. If at the end of the one-year extension, We are still not offering franchises in the United States, or We are unable by law to offer a successor franchise to You, this Agreement will automatically terminate unless further extended by mutual consent, which consent We can withhold for any reason.

ARTICLE III INTELLECTUAL PROPERTY

3.1 Intellectual Property and Confidential Information. You acknowledge that: 1) as between You and Us, We have the sole rights in and to the Intellectual Property and Confidential Information; 2) Your right to use the System is granted by Us solely pursuant to the terms of this Agreement; and 3) We have the sole right to license and control Confidential Information and Intellectual Property. Our Intellectual Property and Confidential Information provided to You by or through Us will remain Our sole property. You acknowledge that Our Confidential Information and Intellectual Property are unique and/or confidential and contain trade secrets and other material proprietary to Us.

3.2 Use of Confidential Information and Intellectual Property. You have a non-exclusive right to use Confidential Information and Intellectual Property and only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of Our Confidential Information, Intellectual Property, System and goodwill are all temporary benefits and expire with the Termination of this Agreement. You expressly covenant that during the term of this Agreement and after the Termination thereof, not to: 1) directly or indirectly contest or aid in contesting the validity of Our ownership of or rights in the Confidential Information or Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Confidential Information Intellectual Property and derivatives thereof or any other name that is or becomes a part of Our System; or 3) interfere with the use of Our Confidential Information or the Intellectual Property by Our other franchisees or licensees at any time.

3.3 Our Marks. You acknowledge that as between You and Us, the Marks and derivatives thereof are valid trade names, trademarks and service marks owned by Us or licensed to Us.

3.4 Use of Marks and System. You have the non-exclusive right to use Our Marks and the System as directed by Us. You shall only use Our Marks licensed by this Agreement and only with the letters “TM”, “SM” or “®”, as appropriate, approved and as instructed by Us, whenever and wherever such Marks are used. You may not use Your own name or any other name, service, or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product. You cannot use the Marks or System in any manner, or otherwise take any action (or inaction) that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You cannot use the Marks on any intercompany documents to identify Your Franchise Business or entity (Including employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your employees must be under Your entity name.

3.4.1 Cooperation. You shall execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to cooperate fully with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name trademark, service mark, logo or slogan that is now or later becomes a part of Our System. You shall immediately notify Us as soon as You become aware of any infringement or apparent or alleged infringement of the Marks, Our Confidential Information, or any part of Our Intellectual Property.

3.4.2 Use in Marketing. The use of the Marks in Marketing is set forth in Article X.

3.4.3 Modification of Marks. We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logo, and/or other symbols in connection with the operation of the Franchise Business. In that event, You agree to bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.4.4 No Registration. You cannot make application for registration, domain name, or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names or any



items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.5 Copyrights. All right, title and interest in and to Copyright Materials are Our sole and exclusive property and cannot be reproduced or replicated either during or after this Agreement. You have no rights to make any direct or indirect use of the Copyrighted Materials except as allowed under this Agreement.

3.6 Sole Control. As between You and Us, We will have the sole control over any legal or administrative action concerning Confidential Information or Intellectual Property. You shall promptly notify Us in writing of any claim, demand or suit by any person, corporation or other entity based upon or in connection with any of the Confidential Information and Intellectual Property licensed hereunder in which We have an interest. We are not obligated to protect any rights that You have to use Our Confidential Information and Intellectual Property, or to protect You against claims of infringement or unfair competition. However, in the event We do undertake the defense or prosecution of any litigation pertaining to any such Confidential Information and Intellectual Property, You must execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation), to undertake the defense of any such proceeding and will do so at Your sole cost and in strict coordination and oversight with Us. You shall not do any act or make any claim which is contrary to or in conflict with Our rights in the Confidential Information or Intellectual Property.

3.7 Goodwill. All goodwill associated with the Marks and the System belongs exclusively to Us. You acknowledge that valuable goodwill is attached to the Marks and System, and that We have invested and continue to invest time and capital into promoting the System and that such promotion creates goodwill and customer association which benefits Us, You, and all other franchisees in the System. Furthermore, even goodwill associated with the Marks and System that might be deemed to have arisen through Your activities, is Our sole property and inures directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law.

3.7.1 Customer Data. All Customer Data is Our sole property and inures directly and exclusively to Our benefit. You have a royalty-free non-exclusive right to use the Customer Data during the term of this Agreement. You must gather, upload, and/or store all Customer Data as required by Us. To the extent that We do not otherwise have access, You shall provide Us copies of all Customer Data upon request. You must abide by all applicable laws pertaining to the privacy of consumer, employee and transaction information, and do not contact laws. If We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You are solely responsible to comply with the laws pertaining to calling or texting customers, the sending of emails, or any other transmission of information, Including any anti-spam legislation.

3.8 Fictitious Business Name. You shall not use Our Marks or any other name similar thereto in the name of any partnership or entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, within 30 days of signing this Agreement, You shall file for a certificate of assumed or fictitious name or a “doing business as” name (“DBA”) in the manner required by state law so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement and Include Your assigned franchise designation in such filing. You shall provide Us with a copy of Your DBA registration and/or certificate upon receipt of the same and upon Our request from time to time.

3.9 Maintaining Secrecy. You shall: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of Our Confidential Information; 2) disclose such information to Your employees only to the extent necessary to Market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.



3.10 Changes to the System. You shall fully disclose all Innovations to Us, without disclosing the Innovation to others and must obtain Our written approval before using or implementing the Innovation. All Innovations are owned by Us and considered “work-made-for-hire.” If all or part of any Innovation that You create is for any reason deemed not to be a work-made-for-hire, then You hereby irrevocably transfer and assign to Us or Our affiliate all right, title, interest and ownership, Including license rights, in the Innovation, and You agree to sign (or have the creator sign) any document necessary to effectuate the transfer and assignment. To the extent You have any moral or similar rights in an Innovation or derivative thereof, You expressly waive those rights. Any Innovation may be used by Us and all other franchisees without any obligation to compensate You. We reserve the right to make application for and own Intellectual Property relating to any Innovation, and You shall cooperate with Us in securing these rights. We may also consider an Innovation as part of Our trade secrets. At Our discretion, We may authorize You to utilize Innovations that may be developed by You, Us, or other franchisees.

3.11 Association with Causes or Co-Branding. You cannot, without first receiving Our written approval, in the name of the Franchise Business or in any manner associated with the Marks: (i) donate money, products, or services to any charitable, political, social, religious, or other for-profit or non-profit organization, cause, or position, or (ii) act in support of or against any such organization, cause, or position. You cannot “co-brand” or use the Marks or Your Franchise Business to associate any other business activity in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by the brand or System.

ARTICLE IV CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Premises. You must select a site within the designated search area listed on Exhibit “A-1” (“Search Area”). You must have a site approved by Us within 12 months of signing this Agreement. Although We must approve of Your site, We do not warrant or guarantee the success of the site. You shall not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. Unless waived by Us in writing, You must use a local real estate broker that has experience with retail/restaurant tenant representation to help You locate a site. Your Premises must strictly comply with local zoning, state and federal laws, rules and regulations.

4.1.1 Location Approval. We must approve Your proposed location site. However, it is Your responsibility, at Your sole cost and expense, to select the site within the Search Area. You shall provide Us with the street address of the proposed site and such other information as We request, Including pictures or existing brochures of the proposed site. **We do not prepare demographic studies or otherwise evaluate the need for Our products and services in Your Territory, nor do We provide You with a site checklist or other similar information.** Site approval should be completed by Us within four weeks after You have submitted a proposed site to Us. We will do an initial site visit at Our expense to approve a location prior to You signing a Lease. However, if We approve a site and send Our architect to begin architectural plans, any additional site visits to that location before the Lease is signed, or visits to approve a different location after We have already approved a first location, will be at Your expense. You shall reimburse Us Our costs within 10 days of invoicing.

4.2 Lease. You are required to purchase or lease suitable real property from which to operate Your Franchise Business. A Lease must be in place within 12 months from the date this Agreement is signed. We do not assist You in negotiating the purchase or the Lease; however, Your real estate broker must assist You to negotiate Your Lease. We must approve of Your Lease Including the term of the lease, and We have the right to review and approve and disapprove any lease relating to Your Franchise Business prior to execution. You shall also deliver an executed copy of the Lease to Us within 15 calendar days after execution.

4.2.1 Address of Premises. You shall provide Us with written notice of the location and mailing address of Your Premises.



4.2.2 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement Terminates. In such event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. We also have the right to assign the Lease to another franchisee or an affiliate of Ours. If You own the Premises, You hereby agree to lease the facilities to Us upon Termination of this Agreement at a rate not to exceed its fair market rental value, and on commercially reasonable terms and conditions. Your Lease must Include a provision allowing the assignment of the Lease to Us or Our nominee, at Our option, in the event this Agreement is Terminated for any reason. You are required to have Your landlord sign the attached Landlord's consent to an assignment of the Lease with its attached rider before the Lease is signed. The Landlord's consent is attached hereto as Exhibit "A-6."

4.2.3 Assumption of Lease. We will have 45 days from the date of Termination of this Agreement, to exercise Our right and option to take and assume the Lease for the Premises. If the option is exercised, We will notify You and the Landlord of Our exercise within the option period. In such event, You agree to bring all obligations under the Lease current as of the date of possession by Us as well as to indemnify Us against all losses and costs arising by virtue of, attributable to, or in any way relating to the period of Your possession of the Premises. All taxes, utilities and rentals will be prorated between Us and You as of the date of Our possession. We will not be obligated to pay Your arrearages. After the date of possession, We agree to indemnify You against all Lease obligations solely attributable to the period of Our possession of the Premises. You agree that no compensation for the Lease is payable by Us to You unless the Premises are owned by You. The Lease will be transferred to Us without the payment of any kind to You by Us for the Lease other than the indemnification provided above.

4.3 Construction. Any construction of the Premises must be done in strict accordance with the specifications approved by Us, but it is Your responsibility to verify that the plans conform to federal, state and local laws. You shall commence construction within 30 days from the time you pull permits, and construction must be completed within 12 months from the date of pulling permits.

4.3.1 Design of Premises. You must follow Our interior and exterior design standards and specifications unless waived in writing by Us. We provide You preliminary design plans for Your Franchise Business, and You must adopt these plans at Your expense in accordance with local, state and federal laws, rules and ordinances. All changes and modifications to the plans We provide must be approved by Us in writing prior to Your commencing construction. You must hire a mechanical engineer and architect. We must approve of Your architect, and, in Our sole discretion, We can require that You use Our designated architect at Your expense in accordance with local, state and federal laws, rules and ordinances. You are also responsible for obtaining any required permits.

4.3.2 Abandonment of Construction. Abandonment of construction or stoppage of construction for six or more weeks due to Your fault or neglect will be grounds for terminating this Agreement.

4.3.3 Approval of Construction. You may not operate Your Franchise Business if construction, improvements and fixturation do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within 30 days after written notice from Us will be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.4 Commencing Operations; Conditions to Opening. You shall notify Us in writing at least 30 days before You intend to open the Franchise Business to the public, which date cannot be later than 15 days following the completion of construction for Your Premises. Before opening, You must satisfy all the following conditions: (1) You are in compliance with this Agreement; (2) You have obtained all applicable governmental permits, licenses, and authorizations, and We have received a valid certificate of occupancy for the Premises; (3) the Franchise Business conforms to all applicable System standards; (4) We have inspected and approved the Franchise Business, which may be done virtually, at Our discretion; (5) You have hired sufficient employees; (6) Your

officers and employees have completed all Our required pre-opening trainings; and (7) We have given Your Our written approval to open, which will not be unreasonably withheld.

4.5 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior approval. Our approval of Your new site will be based upon the same criteria used in approving a new franchisee's proposed site in addition to You demonstrating that You have the financial ability to relocate. At Our sole discretion, You may be required to attend an initial training program if You choose to move Your Premises. You must demonstrate the financial ability to relocate as part of Our approval process. Additionally, You shall pay Us a relocation Fee to cover Our costs to review and approve the relocation. See Exhibit "A-3." We have the right to deny a request for relocation at Our sole discretion.

4.6 Failure to Meet Deadlines. If You fail to meet a deadline and fail to cure, this Agreement is subject to Termination by Us, and You will not receive a refund. However, You may be granted an extension at Our discretion if You demonstrate a good faith effort in complying with this Article. If You are granted an extension to find a location, You will be required to sign the Site Location Addendum attached as Exhibit "A-8."

ARTICLE V FEES AND REPORTS

5.1 Initial Franchise Fee. You shall pay Us the initial franchise fee listed in Exhibit "A-3" in one lump sum at the time of execution of this Agreement. The initial franchise fee must be paid by wire transfer or certified check. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement exist until the initial franchise fee is paid in full.

5.2 Royalty. You shall pay Us a non-refundable on-going weekly royalty listed in Exhibit "A-3." The royalty is in consideration of Your right to use Our Intellectual Property and certain Confidential Information in accordance with this Agreement, and not in exchange for any specific services We render.

5.2.1 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of payments to Us, You agree to allow Us to modify the definition of "Gross Sales" and the calculation of other Fees due to Us in order to comply with the law. However, in no event will the modification of the term "Gross Sales" or the calculation of other Fees due to Us result in Your payment in excess of the Fees listed in Exhibit "A-3."

5.3 Marketing Fees.

5.3.1 Marketing Fund. You shall pay Us the weekly Marketing fee listed in Exhibit "A-3" for Our Marketing programs as further described in Sec. 10.1 below.

5.3.2 Local Marketing. You shall also allocate and spend an amount of Your Gross Sales each month for local Marketing programs in Your Territory. This amount is listed in Exhibit "A-3" and must be paid to suppliers in cash. If You choose to do trades with suppliers for advertising, such amounts will not be counted towards the local Marketing requirement. We reserve the right to increase the minimum local Marketing requirement if We determine, in Our sole discretion, that to do so will be in the best interest of the System, but such increase will not be more than 4% of Gross Sales.

5.3.3 Marketing Cooperative. In the event a local or regional marketing cooperative is formed, You will be required to contribute to the Marketing cooperative as established and assessed by the Marketing cooperative. See Section 10.2 below.

5.3.4 Opening Marketing. You are required to Market Your grand opening for at least 30 days prior to Your opening in forms and mediums as approved by Us. We anticipate that You will spend approximately \$30,000 promoting Your grand opening for around 90 days but could be more or less depending on Your area.



5.4 Calculation and Reporting. The calculation, reporting and payment of the Fees specified in Sections 5.2 and 5.3 above will be made as follows:

5.4.1 Gross Sales Report. See Section 5.5 below.

5.4.2 Payments; Due Date. All Fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Currently, the Fees as shown and calculated on the Gross Sales Report are due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account not later than 5:00 p.m. Mountain Time on Monday of each week for the previous week's sales (week defined as Thursday through Wednesday). Our current ACH agreement is attached hereto as Exhibit "A-7" and may be modified at any time in Our sole discretion. You shall pay all service charges and fees charged to You by Your bank so that We may electronically debit Your bank account. We reserve the right to change the payment due date or require daily payment for any or all Fees in the future upon 15 days' notice to You. You agree that Your obligation to pay all Fees due under this Agreement are absolute and unconditional.

5.4.3 Operating Account. You shall not have more than one Operating Account associated with the Franchise Business. If You fail to timely report Gross Sales, We may sweep an estimated amount of Fees due to Us. You shall pay Us any amount owing if We underestimate Your payment to Us, and We will credit You with any overage that We charge.

5.4.4 Late Fees. You will be charged a late Fee if a required Fee, payment to Us or an affiliate, or report is not timely received by Us or an affiliate, and You will be charged per bounced check or insufficient funds transfer. See Exhibit "A-3." These Fees are due within five days of notice to You, and the amounts may be adjusted by Us from time to time in the Manuals.

5.4.5 Interest. In addition, all Fees not paid when due will be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of 18% per annum or the maximum rate allowed by law, whichever is less. In no event will any amount be charged as interest or late fees that otherwise exceeds or violates any applicable legal restrictions. Unpaid interest charges will compound annually.

5.4.6 Sales or Use Tax. If there is hereafter assessed any nature of sales tax or use tax or other value added tax on Fees that You pay to Us, You shall also pay Us the applicable tax when invoiced.

5.5 Reports and Financial Statements. You shall submit the following reports by the following due dates. We reserve the right to require all reports to be submitted at more frequent intervals.

TYPE OF REPORT	DUE DATE	REMARKS
Gross Sales Report	No later than five days from the end of a sales week (sales week is Thursday – Wednesday)	You must submit this report in a form We approve or require. This report must include the Gross Sales of the immediately preceding sales week.
Cost of Goods Sold and Labor Metrics Report	5 th day of the month	This report must contain information for the prior month.

TYPE OF REPORT	DUE DATE	REMARKS
Financial Statements	5 th day of the month and within 90 days of the end of Your fiscal year	Must be submitted in accordance with the standard profit and loss statement and balance sheet template required by Us. The financial statements and accompanying documents do not need to be prepared by Your accountant or audited unless specifically requested by Us.
Local Marketing Report	Quarterly, by the 15 th day of the following quarter	This report must detail your expenditures for local Marketing in a form We may require.
Sales Tax Report	Quarterly, by the 15 th day of the following quarter	In no event can this be submitted more than 30 days following the filing due date.
Quarterly and Annual State and Federal Tax Returns	Within 30 days of submission to the taxing authority	In no event can this be submitted more than 30 days following the filing due date.
Other Reports	Upon request	Those additional reports that We may from time to time require, Including sales and cost data and analyses, advertising budget and expenditures.

5.6 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agent, have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business. You shall provide Us with access to, or copies of, all financial records in the time We require.

5.6.1 Audit of Books and Records. If any audit or investigation discloses a deficiency of 2% or more of the Gross Sales in the computation or payment of the Fee due to Us, You shall immediately pay Us the amount of the deficiency, the appropriate fee for late charges, and You shall reimburse Us for the total expense of the audit or investigation, Including the charges for the accountant and the travel expenses, room, board, and other costs incurred in connection with the audit. Your failure to report Gross Sales for any period, or Your failure to retain and have available readable and organized required records will be deemed an understatement by more than 2%.

5.7 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours for any payments owing to Us.

5.8 No Refunds. The Fees set forth in this Agreement are not refundable.

5.9 Funding. You are solely responsible for obtaining the funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement.

5.10 Non-Compliance Fees. We may issue You a fine for certain violations of this Agreement and/or the Manuals. If You do not correct the violation within the time required by Us, We have the right to put You in default. We are not obligated to charge You a fine before putting You in default. All fines and charges are to be paid upon billing or in accordance with Our electronic funds or automatic withdrawal program, if established. See Exhibit “A-3.” Such fines are not Our sole remedy. Our decision to impose, or not to impose, a fine for Your non-compliance does not constitute a waiver of any other right that We may have under this Agreement, Including Termination of this Agreement.

ARTICLE VI FRANCHISEE'S OPERATIONAL COVENANTS

6.1 Business Operations. In addition to other obligations, requirements and covenants set forth in this Agreement:

6.1.1 Compliance with Applicable Laws. You are solely responsible for ensuring compliance with all applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. You are required to comply with all immigration laws and to verify work eligibility for all prospective employees prior to hiring. You shall also comply with federal, state and local health and consumer protection laws and regulations concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, Including minimum age and minimum wage laws.

(i) Permits and Licensing. You shall obtain and maintain all required permits and licenses for the operation of Your Franchise Business.

6.1.2 Appearance; Customer Service. You shall establish and maintain the Premises in a clean, attractive and repaired condition; perform work competently and in a workmanlike manner; give prompt, professional, courteous and efficient service to the public adhering to the highest standards of honesty, integrity, fair dealing, and ethical conduct; and otherwise operate Your Franchise Business in strict compliance with Our System, policies, practices and procedures contained in the Manuals or otherwise communicated to You so as to preserve, maintain and enhance the reputation and goodwill of Our System. We reserve the right to require that Your employees comply with any dress code, Marks or other brand-related standards that We may require. You shall arrange the fixtures, signs, furniture and décor of the Franchise Business in strict compliance with the format recommended or required by Us.

6.1.3 Signage. You shall have the number of interior and exterior signs as required by Us and according to Our specifications. All signs to be used on, in or in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You. You shall maintain all signs in good condition and to undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary. You are required to use the location's pylon/pole or monument sign, if available. You understand and acknowledge that although You are required to purchase and display signage, Including signage displaying Our Marks, You do not own rights to use of the signs following Termination.

6.1.4 Initial Training. Your Operating Principal and Your general manager, if other than Your Operating Principal, along with Your kitchen managers and Your grill master are required to attend and successfully complete Our management training program prior to opening Your Franchise Business. This training will take place at a location designated by Us. Your Operating Principal and Your other attendees must complete training at least four weeks prior to opening Your Franchise Business. Successful completion will be determined by Our trainers but may Include demonstrating knowledge of basic techniques, knowledge of policies and procedures, food preparation and assembly, daily operations, record keeping, computer system competency, Marketing, and customer service. Failure to successfully complete training is a default of this Agreement. You shall bear the cost of all travel, lodging, meals and all other living costs and expenses and compensation for all of Your attendees at the training session. Each person must attend the same training session.

(i) Replacement Training. Any new Operating Principal or head staff member who are from outside the Rodizio Grill® System, must be trained and certified by Us before they can manage Your Franchise Business. There is no Fee for this training if You send Your representatives to be trained at Our designated facility, but You must pay a Fee for Us to send a representative to You. See Exhibit "A-3." Additionally, You must also cover the travel, food, and lodging for Your attendees or Our representatives, as applicable.



(ii) Additional Training. Depending on availability and advanced written notice, if You would like additional training, We may provide this training to You. We have the right in Our sole discretion to limit additional training to three weeks at a time. We can also require Your Operating Principal and/or other key personnel to attend additional trainings if You are in default, or if We reasonably believe such training would be in the best interest of Your Franchise Business. There is no Fee for this training if You send Your representatives to be trained at Our designated facility, but You must pay a Fee for Us to send a representative to You. See Exhibit “A-3.” Additionally, You must also cover the travel, food, and lodging for Your attendees or Our representatives, as applicable.

(iii) Non-Disclosure. All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending training.

(iv) Rescheduling Fee. If You cancel, postpone or reschedule a training or opening assistance, or if You fail to complete certain requirements prior to a training or opening assistance, You must pay reimburse Us for any of Our costs associated to reschedule the training or opening assistance.

(v) Cultural Training. Within the first two years of opening Your Franchise Business, You and any employees You feel would benefit from an understanding of the Brazilian culture, are strongly encouraged to travel to Brazil to receive the proper cultural training to run a Rodizio Grill® restaurant. This trip should be for at least seven days and include visits to Sao Paulo and Rio de Janeiro. You are responsible to cover all expenses for the trip, including all travel, food and lodging for You and Your employees. We and/or Our representatives may but are not required to accompany You on this trip. In the event You undertake this cultural training, and Our representatives accompany You, We will cover the cost of Our representatives.

6.1.5 Opening Assistance. You shall provide Us a valid certificate of occupancy for the Premises before We send any representatives to provide any opening assistance. Additional details on the opening assistance are set forth in Section 7.4 below.

6.1.6 Management. Your Franchise Business must be managed by either Your Operating Principal or a designated manager who will be required to devote their full-time, attention and best efforts to the management and operation of Your Franchise Business. You must have at least one manager on site during regular business hours. You shall disclose the identity of Your Operating Principal and designated manager to Us, and You shall immediately notify Us in writing if Your Operating Principal is no longer acting in such capacity. We must approve of Your Operating Principal and any replacement Operating Principal.

(i) Unless Your Operating Principal will act as the full time manager of the Franchise Business, Your Operating Principal is not required to work a certain or minimum number of hours; however, Your Operating Principal must maintain sufficient inventory, supplies and products and work sufficient hours to operate Your Franchise Business or supervise Your managers and employ adequate personnel to operate Your Franchise Business at its maximum capacity and efficiency.

(ii) Although We do not require Your Operating Principal to be involved in the day-to-day on-premises management, Your Operating Principal is required to participate in Your Franchise Business as follows: (i) be directly responsible for overseeing all accounting, reporting, bookkeeping and all financial components of the Franchise Business; (ii) attend and complete all training and retraining courses required by Us; (iii) attend any annual or special meetings of franchisees called by Us; (iv) be directly involved with site selection, construction, and Updates; (v) be directly involved in all personnel decisions affecting the Franchise Business; and (vi) conduct frequent inspections of the Franchise Business operations to ensure the highest standards of professionalism, cleanliness and general pleasant appearance in compliance with Our approved methods.

(iii) Your Operating Principal must devote their primary attention to the Franchise Business, and You, Your Operating Principal and Your manager(s) must keep free from any conflicting or competing enterprises or any other activities which would be detrimental to or interfere with the operation of Your Franchise

Business.

6.1.7 Operational Hours. You shall operate Your Franchise Business seven days per week throughout the year, and at a minimum, You shall be open for four hours for dinner each day and for lunch and dinner on Saturdays and Sundays throughout the year as designated in Our Manuals, unless waived in writing by Us.

6.1.8 Remodel and Upgrades. You shall Update Your Franchise Business and Premises from time to time as We may reasonably direct, but not more often than every five years, and We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement (except for required changes to the Marks, or changes due to health or government mandates, guidelines, or public concerns, which We may require at any time). This can include structural changes, new flooring, wall treatments, signage, remodeling, redecoration of the furnishings, fixtures and décor and such modifications to existing improvements as may be reasonably necessary, such that all locations will have a generally similar look, appearance, and capabilities. You shall complete all such Updates within six months of notice from Us. You shall also complete any day-to-day maintenance issues as they occur. In the event You relocate Your Premises to a new approved location, or sign a Successor Franchise Agreement, You shall bring Your new Premises up to Our then-current standards.

6.1.9 Your Employees. You, Your principals, and Your employees are not Our employees. You are solely responsible for the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, directions governing the manner, means, and methods of the performance of duties, work rules, safety, working conditions, and training of Your employees. We do not assist You in the employment related decisions, or in creating any policies or terms and conditions related to the management of Your employees or their employment. We may provide You with a sample employee guide or manual, but it will only be an example of certain employment matters that You may choose to adopt or not. You must use Your own discretion on what policies to implement for Your employees based on Your own circumstances and management decisions. The sample manual is not edited or reviewed frequently to stay up to date with current or state specific employment laws and some policies may be outdated or conflict with current existing state or federal employment laws. You must seek Your own legal counsel to determine those policies that are legally compliant with current employment laws in Your state to draft Your own employee handbook. It is Your responsibility to comply with local and federal labor and employment laws.

6.1.10 Insurance.

(i) Minimum Limit Requirements. You shall at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s) the following minimum insurance policies, obtained from a company rated “A-” or better by A.M. Best & Company, Inc.:

Type of Insurance	Minimum Required Amount(s)
Commercial General Liability Insurance	\$2,000,000 per occurrence and \$3,000,000 in the aggregate
Property Insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Liquor Legal Liability or “Dram Shop” Insurance	\$2,000,000 per occurrence, \$3,000,000 in the aggregate
Data Breach & Cyber Security Breach Insurance	\$1,000,000 per occurrence and \$2,000,000 aggregate
Umbrella Insurance	\$2,000,000
Government Required Insurances	All worker’s compensation and employment insurance on Your employees that is required under all federal and state laws

These policy amounts are required minimums, but Your Lease may require higher amounts with which

You are required to comply. In the event of damage to Your Premises covered by insurance, the proceeds of any such insurance must be used to restore the facility to its original condition as soon as possible (not more than eight months) unless We consent otherwise in writing.

(ii) Policy Requirements. Other than worker's compensation, these policies must insure You and Us and Our nominees as additional insureds, without regard to any other insurance program that We may have in effect, against any liability that may accrue by reason or relating to Your ownership, maintenance or operation of the Franchise Business wherever it may be located. These policies must stipulate that We will receive a 30-day written notice prior to renewal or termination, and We must receive a 30-day notice of any modifications. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment prior to You beginning operations and within 15 days of any request which We may make from time to time.

These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain insurance at Our discretion, and You must reimburse Us upon demand the premium costs, plus an administration Fee for Our time (see Exhibit "A-3"). We may periodically increase the amounts of coverage required and/or require different or additional coverage.

6.1.11 Pricing. We may, to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and Including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and Including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. Unless otherwise agreed to by Us in writing, You cannot advertise or promote prices lower than, or inconsistent with, Our suggested prices outside of Your Premises. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.12 Computer and POS System. At Your expense, You shall lease the computer and point of sale ("POS") system and other computer hardware and software systems designated by Us in strict accordance with Our specifications, and We can mandate the forms of payment that You can or must accept. If in the future We adopt a different computer system, POS system or other system for the System, You shall adopt it at Your expense. You shall maintain, repair, modify and upgrade, all such items, at Your sole expense. You shall provide Us full 24-hour, 7 day a week access, Including online access, and the right to "upload" or "download" information to and from all POS, computer and other systems and to the information and data contained in them. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems or to the frequency and cost of the obligation to upgrade and maintain them. You hereby waive any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or related to failures, errors, acts, omissions or otherwise of any computer, POS, hardware or software system (not related to Our or an affiliate's acts or omissions).

(i) Retention of Records. You shall record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us. You shall have high speed, broadband Internet access at the levels required in the Manuals. You shall retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all Your other business records and related back-up material, tax returns and financial reports for at least five years following the end of the year in which the items pertain, Including after the Termination of this Agreement.

(ii) Accounting Systems. You must use and pay for the accounting software designated by Us. You are required to follow Our accounting procedures, line items, and templates and charts of accounts as provided and updated in Our Manuals. You shall provide Us with independent, view-only access to Your account.

(iii) Merchant Account. At Your expense, You must participate in Our merchant account and other point of sale programs as set forth in Our Manuals. You shall apply for and maintain debit card, credit card and other non-cash payment system using the merchant account and merchant account services as set forth in Our Manuals. The required or designated provider may change at any time, and you are required to comply with any changes and are solely responsible for the fees associated with any changes.

(iv) Data Security Standards. At Your cost and expense, You shall investigate and ensure that You comply with all payment card industry (“PCI”) and data security standard (“DSS”) standards, regulations, and requirements; however, We reserve the right to approve of the supplier You use for compliance. You shall meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You shall reimburse Us for all costs related to the audit if You are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, Including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, Including, security threats, breaches and malware. It is Your responsibility to alert Us, not later than 24-hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect Customer Data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

6.1.13 Conferences and Seminars. At Our discretion, We may hold conferences or seminars on a regional or national basis for all franchisees in good standing. The conferences and seminars may be held at various locations chosen by Us, or through online webinars, videos, live video conferencing or other electronic media, phone conference. If held, attendance is mandatory for Your Operating Principal and key personnel as designated, and You must pay registration Fees and all travel, lodging, food, and other expenses for each of Your attendees (see Exhibit “A-3”).

6.1.14 Required Software; Technology. You must use and pay for all software and other technology and platforms as required by Us, which may be changed from time to time. You must input all required information into Our designated software and platforms as set forth in Manuals. You must follow all laws and regulations in storing Customer Data and in submitting information to Us.

6.2 Quality Control.

6.2.1 Correction of Defects. You shall immediately correct defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business. You shall establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us.

6.2.2 System Compliance. You shall strictly follow Our System, the Manuals, Recipes, procedures, forms, services, design and décor, fixtures, and signs promulgated or provided by Us from time to time.

(i) Email Address. You must at all times use and maintain the email address provided by Us or approved by Us for use in relation to Your Franchise Business, frequently checked by You to facilitate Our communications, and that You must use as the sole email for all Franchise Business-related communications and accounts. If We provide You with an email account/address, We have the right to access Your email account at any time and without notice to You, and You understand and acknowledge that You have no expectation of privacy in the assigned email accounts.

(ii) Reservation System; Customer Loyalty System; Incentive Programs; Gift Cards. You shall use and implement all reservation systems and the customer loyalty systems We designate during the term of this Agreement. You shall also provide Us independent administrative access to these systems. This may Include Our access to a bank account established by You, for card charges made through other franchisees. You are required to fully honor all coupons, loyalty programs, and gift cards provided or approved by Us regardless of

whether it was issued by You. You are not allowed to implement any sort of coupon, loyalty or gift card program without Our prior written permission. The method of sales and pooling and reconciling the funds for all such programs will be determined by Us at Our sole discretion as set forth in the Manuals. You are required to pay all fees associated to the use of these systems. If no fee is required for a particular system, We reserve the right to charge a fee to You for that system in the future. All data collected through this system belongs exclusively to Us.

Unless otherwise determined by Us, You are allowed to sell approved Rodizio Grill® gift cards at Your Franchise Business. All such approved Rodizio Grill® gift cards sold at Your Franchise Business will be considered part of Your “location pool,” and You are responsible for maintaining proper accounting of all such gift card issuances on Your general ledger. By contrast, gift cards purchased online will go into the general “corporate pool” of gift cards maintained by Us. You are required to know and comply with local and federal laws and regulations related to gift cards, including laws related to the expiration of gift cards, non-use fees, local unclaimed property, escheat laws, etc. We have the right to implement policies to verify compliance with all such laws and regulations.

(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals and operations, etc. We may issue new specifications and standards for any aspect of Our System, or modify existing specifications and standards, at any time by revising Our Manuals and/or issuing new written directives (which may be communicated to You by any method We choose). You must accept, comply with, use, and implement and display any and all such changes to the System or operations. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You shall incorporate all such modifications within the time that We specify. You are prohibited from making modifications to the System or Your Franchise Business without Our prior written approval.

(iv) Inspections and Visits. We may conduct periodic evaluations and inspections of Your Franchise Business at reasonable intervals by Our duly authorized representatives for compliance with the System, customer service, and the standards and procedures set forth in the Manuals. These inspections may be conducted in-person or through remote access such as video or live video conferencing. Our inspections may include Your Premises, business records, operating procedures, reports, computer drives, electronic storage devices, POS system, account records, tax records, etc. We also have the right to speak with and interact with Your employees, independent contractors, and customers. Upon Our request and at all reasonable times, You will provide to Us video and/or images of the interior and exterior of Your Premises and business vehicles as set forth in the Manuals. You shall also provide Us with the contact information and sign the Authorization Agreement for Release of Information attached as Exhibit “A-9” allowing Us to speak to Your accountant, landlord, vendors, etc., to verify compliance.

(v) Online Ordering and Delivery. If implemented by Us, You must participate in any online ordering program for takeout or delivery, whether provided by Us or one or more third parties designated by Us. You will not participate in any third party delivery platform unless approved by Us. You must use all required software or other equipment required by Us or any such third party necessary to provide the services as designated and as may be updated, supplemented, or changed. You shall also provide Us with any login information necessary to access any third-party delivery provider accounts, and You agree that We will have unrestricted access to review the information in such accounts at any time. Any such software or equipment must be purchased by You at Your cost. You understand and acknowledge that any third-party providers may also charge fees or commissions for their services, and You shall pay all such costs or fees.

6.2.3 Interim Management. If We give You notice of default and You fail to cure (or as set forth in Section 14.10), We have the right at Our sole discretion (but not the obligation) to step in to manage Your Franchise Business for up to six months as We deem advisable for a Fee. See Exhibit “A-3.” This Fee reflects the estimated fair market value of Our services. You shall also pay all travel, lodging, food and other expenses for Our representative(s) and other expenses that may be incurred by Us to perform such services, plus royalties, advertising fees and other applicable fees.



(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all aspects of Your Franchise Business. We will work directly with You, and Your manager, and We may require additional training for Your Operating Principal, Your manager, employees, and other contracted personnel. You will be required to cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must remain in Your name during the Interim Management Period, but You agree to add Us or Our representative as a co-signer on certain accounts. You shall cooperate with Us in communicating with all suppliers related to Our interim management. You hereby grant Us permission to speak directly with Your landlord, suppliers, banks, IRS and state agencies, creditors, etc., regarding Your Franchise Business, and You shall cooperate with Us to facilitate such communication. We may require You to establish a new bank account for Your Franchise Business during the Interim Management Period into which all operating income will be deposited. You and We (at Our option) will have authority over this account, and You or We will make payments on Your accounts payable as cash is available, but only with Your prior authorization and direction when possible. You will ultimately remain responsible for all operating costs both before and during the Interim Management Period. You shall provide Us with a list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first. Any excess funds in the Operating Account or any new account after all applicable costs have been paid and after an additional amount has been set aside sufficient for the Franchise Business to fulfill its business purposes as determined by Us, will be transferred to You monthly. We may provide monthly internal profit and loss statements to You. We have no obligation to infuse capital into Your Franchise Business, but if We do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct Your employees and contracted personnel during the Interim Management Period. Both You and We agree that in no way does the Interim Management Period create a relationship of trustee, beneficiary, or any type of fiduciary relationship over or in relationship to Your Franchise Business.

(ii) Your Obligation to Cure. During the Interim Management Period, You will remain obligated to cure all applicable defaults within the applicable cure periods as set forth in the Franchise Agreement. We have the right to Terminate the Franchise Agreement during the Interim Management Period for defaults not cured within the applicable cure periods.

6.3 Personal Guarantees. If Your Franchise Business is owned by a business entity, each individual owner, partner, shareholder, and member of Your Franchise Business, respectively, who own a 20% or greater interest, must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement. The personal guaranty follows the signature page of this Agreement.

6.4 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing control or duty to take control over those matters that are reserved to You.

6.5 Required Notices. You shall provide Us with prompt notice (within five business days of receipt) of any default with regards to late payment of any taxes, assessments, government fines, payments owing to any vendors or landlords, or amounts owing to employees or contractors.

6.6 Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, You shall not make any negative, disparaging, false or misleading statements, published or made orally, in any form or medium about Us, Our officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, Our products and services, or other franchisees.

6.7 Minimum Performance Standards. At all times during the term of this Agreement, You shall maintain the minimum performance standards ("Minimum Performance Standards") set forth in this Section 6.7. Failure to

maintain these standards will result in termination of this Agreement, a probationary period to correct certain defaults, or We may elect to assist You in the management of Your Franchise Business as set forth in Paragraph 6.2.3 above.

(i) You shall, at all times, maintain a minimum balance in Your Operating Account or have an available line of credit sufficient to cover at least three months of Your expected ongoing business operating expenses; provided that in any 30-day period, the Operating Account may have less than such amount for a period of not more than 10 days;

(ii) You shall keep Your rent current at all times, within the time frame specified in Your Lease. You shall provide Us with ongoing evidence of rent payments within five days of the due date;

(iii) You shall timely pay all withholdings and FICA taxes and state sales taxes. You shall provide Us with evidence of such payments by sending Us a copy of the quarterly (or monthly) tax return;

(iv) You shall timely pay all designated suppliers as set forth in the Manuals; and

(v) After the first six months of operations of Your Franchise Business, You must generate a minimum monthly Gross Sales of \$80,000 from the operations of Your Franchise Business.

6.8 Non-Delegation. You may not outsource to a third party, any part of Your obligations to Us or services to customers, Including to another franchisee, without Our prior written approval.

ARTICLE VII FRANCHISOR'S OPERATIONAL ASSISTANCE

7.1 Layout and Design; Suppliers and Products. We shall provide You with general specifications for the Premises layout, signs, equipment and interior décor. We will also provide You with a list of specifications and a list of approved suppliers. We may add to or discontinue working with any of Our suppliers. There is no guarantee or promise that the relationship with any of Our current suppliers will continue or be available to the System.

7.2 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business, and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconferences or website posting during regular business hours during the continuing operation of Your Franchise Business. However, for problems and training for items purchased from a supplier, You shall consult with the respective manufacturer or supplier of those items. We have the right to communicate directly with Your Operating Principal, designated managers, and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.

7.3 Initial Training. We shall provide You with the training program described in Paragraph 6.1.4.

7.4 Opening Assistance. We shall send six to eight representatives for approximately seven days prior to Your grand opening, and one to three representatives for up to 10 days after Your restaurant opening, depending on the level of assistance We deem that You require, at Our sole discretion, to assist with the grand opening and rehearse Your employees in opening and operating procedures. You must have also obtained all necessary permits and all Your equipment must be functioning for Us to provide this assistance. There is no fee for this assistance, but You shall cover 50% of the cost for lodging for Our representatives, and You are expected to feed Our representatives at Your restaurant during this assistance.

7.5 Additional Guidance. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, videos, audio recordings, bulletins or other written materials.

7.6 Website Maintenance. We shall maintain a website for the Rodizio Grill® brand that will Include the business information for Your location.

7.7 Advisory Committees. In Our sole discretion, We may choose to create franchisee committees to advise Us in various aspects of the System. Only franchisees who are in good standing and have maintained good standing for the six-month period prior to serving on a committee may serve on any advisory committee. Each committee will establish rules for admitting and retaining committee members, but the initial rules will be established by Us.

ARTICLE VIII PURCHASE OF PRODUCTS

8.1 Approved Products and Services; Suppliers. You shall purchase, use, provide, and sell only those goods and services that meet Our specifications and/or that are purchased from Our approved suppliers. You shall timely pay all suppliers, Including Us and Our affiliates for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (Including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or delay in shipment or receipt of merchandise due to temporary product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. No goods or services may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. Any additional goods or services that are unique to Your area requires written approval from Us before such goods and/or services are offered. For the purpose of this Article, “goods” means any product, good, inventory, supply item, equipment, tool, item, etc.

8.1.1 Delivery and Installation. For delivery and installation, You are required to work directly with the manufacturer or supplier of these items. We do not assist in delivery or installation of any required or approved purchases.

8.2 Your Purchases. We or Our affiliate may derive revenue from the sale of required goods and services through mark-ups in prices We charge to You for goods and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of such goods and services. No compensation is due to You for compensation or discounts We receive from suppliers. Any monies paid to Us for goods or services are non-refundable.

8.3 Unapproved Suppliers. If You desire to purchase any items or services from an unapproved supplier, You shall submit to Us a written request for such approval or request the supplier itself to do so. We may require You to submit samples, ingredient lists and other data to permit Us to ascertain whether any such supplier meets Our specifications. We will notify You in writing and within 30 days of completing Our evaluation as to whether that supplier meets Our specifications. You will be required to pay a supplier evaluation Fee prior the evaluation (see Exhibit “A-3”), plus reasonable costs associated with the evaluation whether or not the requested supplier is approved. There is no refund of this Fee regardless of whether the requested supplier is approved. A supplier who is able to meet Our specifications may, as determined in Our sole discretion, become an approved supplier for Your Franchise Business only or for the System as a whole. We may make changes in the standards and specifications for approved suppliers. At Our discretion, We may revoke Our approval of an approved supplier upon 30 days’ prior written notice.

8.4 Equipment. You shall maintain all equipment of Your Franchise Business in good working order. If You do not maintain Your equipment or furniture or fixtures in good working order and appearance, We have the right to require You to replace such items with new items, or We may purchase such items for You and invoice You the costs. You shall pay for such items within 15 days of invoicing.



8.5 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties, defective products, training, and support for any third-party goods purchased for Your Franchise Business. We do not manufacture any equipment, products or software and do not warrant or replace any item.

ARTICLE IX MANUALS

9.1 Manuals. We shall loan You a copy or provide electronic access to Our Manuals. Our Manuals may consist of a series of online videos, webpages, online drives, or other forms designated by Us. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. The Manuals may be used by You only in association with Your Franchise Business and only during the term of this Agreement. We have the right to revise the Manuals in Our sole discretion. You must promptly and continuously comply, at Your expense, with all provisions of, and modifications or changes to the Manuals. The master or most updated copy of the Manuals maintained by Us will be controlling in the event of a dispute relative to the contents of the Manuals.

ARTICLE X MARKETING

10.1 Marketing Fund. We have the right to institute, maintain and administer a national Marketing and brand development fund (“Marketing Fund”) for Marketing activities as We, in Our sole discretion, may deem necessary or appropriate to Market the brand and the System. You shall contribute to the Marketing Fund. The Fees for the Marketing Fund are listed in Exhibit “A-3.” You must participate in all Marketing programs instituted by Us. The restaurants owned by Our affiliates are not required to contribute to the fund. We can terminate, suspend, or postpone the Marketing Fund at any time. Upon termination of the Marketing Fund, the unused funds will either be returned to those that contributed the funds, or We will cease to collect new funds while We spend the remainder of funds.

10.1.1 Marketing Fund Administration. We will direct all such programs, with sole discretion over 1) the creative concepts, materials, endorsements and media used in connection with such programs; 2) the source of the Marketing or public relation efforts; 3) the placement, timing, and allocation of such programs; and 4) the composition of all geographic territories and market areas for the development and implementation of such programs. The Marketing Fund can be operated through an entity separate from Us that has all Our rights and duties relating to the Marketing Fund. We are not liable for any act or omission with respect to the Marketing Fund or otherwise which is consistent with this Agreement, or that is done in subjective good faith. We have the right to loan money to the Marketing Fund to cover any deficits. The Marketing Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement, and We disclaim any such relationship.

10.1.2 Use of Marketing Fees. We may use the Marketing Fund to offset a portion of direct costs to manage and maintain the Marketing Fund, Including the payment of staff salaries and other expenses for those groups who may be involved in Marketing Fund activities. We may also use the Marketing Fund to acquire trademark registration(s) or domain names to promote the franchise system and solicit additional franchisees; however, We will not use more than 10% to solicit franchisees. Additionally, We reserve the right to Include a notation in any advertisement or website indicating “franchises available” or similar phrasing. We may receive payment for providing goods or services to the Marketing Fund. We are not required to spend any amount on Marketing directly in Your area or Territory, and We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent to contributions to the fund by other franchisees operating in any geographic area. We make no representations that Marketing expenditures will benefit You or any other franchisee directly, on a pro-rata basis, proportionately, or at all. Any unused Marketing funds in any calendar year will be applied to the following year’s fund. You may request (in writing) an unaudited annual report of the previous year’s Marketing expenditures once each calendar year. We will provide this report within 90 days of written request.

10.2 Marketing Cooperative. At such time as We determine that there are a sufficient number of franchises in a Marketing Area (defined below), as designated by Us, We may form a local and/or regional Marketing cooperative covering such areas as We, at Our discretion, deem appropriate, and We may disburse such funds as We believe appropriate from the Marketing Fund to any such local and/or regional Marketing cooperative for local and/or regional Marketing. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time.

10.2.1 Governing Documents and Financial Statements. We will develop or approve the governing documents and make them available to all franchisees within the cooperative area. The cooperative will be required to prepare annual unaudited financial statements, and these will be available to all franchisees in the cooperative for review.

10.2.2 Membership and Voting. Upon the formation of a local or regional Marketing cooperation, You will automatically be deemed to be a member of such association as covers the area in which Your Franchise Business is located and will be bound by any decisions made by such cooperative upon a majority rule by members voting. Voting will be on the basis of one vote per company or affiliate owned location or franchise-unit in good standing in the cooperative. If We or affiliates have a company or affiliate owned unit in the cooperative area, We or Our affiliate will also become a member of the association. A “Marketing Area” is defined as a market with two or more units in the same television, radio or newspaper market, as determined by Us.

10.2.3 Contributions. All franchisees within the marketing cooperative area will be required to join and contribute to the fund pro rata based on the number of units in the cooperative. Contributions to the marketing cooperative will be credited toward Your local Marketing obligation. The cost of Marketing programs will be allocated among the members in the cooperative area, and each member shall contribute equally to the local cooperative fund based on a per franchise unit basis in the cooperative area. You will be required to contribute to the cooperative as determined by its voting members, but such Fees and costs will not exceed 2.5% of Your annual Gross Sales unless a majority of the voting members of the cooperative decide to exceed the limit. If We or an affiliate controls voting in a cooperative, the fees payable to the cooperative will not be more than 2.5% of Gross Sales, unless agreed to by all the Members.

10.3 Local Marketing Requirement. You are required to Market locally as set forth in Section 5.3.2.

10.3.1 Marketing Plan. You are required to provide Us an initial Marketing disbursement plan at least 90 days prior to the opening of Your Franchise Business. In addition, You are required to annually update Your Marketing disbursement plan and submit the updated plan to Us by December 31 of each year for the following year’s local Marketing expenditures.

10.4 Sample Marketing Materials. We may provide You samples of Marketing materials developed by Us from time to time. Additional copies will be made available at cost, plus 10%, plus shipping and handling.

10.5 Your Obligations to Market. You shall participate in all Marketing programs instituted by Us.

10.5.1 Approval of Marketing. You may develop Marketing materials and digital Marketing programs and for Your use at Your cost but You shall submit to Us, prior to publication, copies of all Marketing materials, proposed to be used by You, Including any use of the Internet, or other digital, electronic or Social Media along with a description of how it will be used, by what media published and such other information as may be reasonably requested by Us. All such materials must be approved by Us in advance and in writing in accordance with Our Manuals. Submitted Marketing materials will be deemed unapproved if You do not receive Our written approval or disapproval within 10 business days of the date We receive the submission. We have the right to disapprove previously approved Marketing material at any time. In addition to the above, We must approve all Your daily deal offers (i.e., Groupon, Living Social and the like whether now or later developed), prior to Your putting them into publication or other offering.

10.5.2 Marketing Compliance. All Your Marketing activities must be done in strict compliance with Our Manuals and in good taste and must reflect favorably upon the brand and System. You shall participate in all Marketing, e-mail, texting, and other programs as developed by Us, Including the collection of Customer Data and participation in using and promoting apps, as developed by Us.

10.6 Internet and Social Media. You must strictly comply with Our policies and procedures regarding websites, Social Media sites, and Internet Marketing. We reserve the right to restrict Your use of these mediums in the future.

10.6.1 Use of the Internet. You may not create a website for Your Franchise Business or use or obtain a domain name consisting of all or any part of the Marks, or that would be confusingly similar to all or any part of the Marks without Our prior written permission. However, You may be allowed to place pre-approved information concerning Your Franchise Business on Our website, as developed by Us. Additionally, You cannot Market on the Internet, Including posting for re-sell, items on third party resell or auction-style websites such as eBay, Craigslist or Amazon without Our prior written permission. You may not claim any web listing on sites such as Yelp without Our prior written permission. We have the right (but not the obligation) to manage and control all online reviews for Your Franchise Business.

10.6.2 Social Media. We will own and control all Social Media related to the brand, but We may allow You to manage certain aspects of Social Media related to Your location. In all cases, We will have administrative access, and access to account information, and any other information related to Your Social Media activities related to the Rodizio Grill® brand. You cannot change any login/password information without Our prior written approval, and You must supply Us with all changed/updated login/password information. We have the right to remove or alter or require You to remove or alter any content We deem inappropriate or inconsistent with the Rodizio Grill® brand. Additionally, You must sign the Digital and Social Media Authorization for Assignment attached as Exhibit “A-10.”

10.7 Territory Marketing. We will work together to develop plans for growth, capturing market share and name recognition. Neither We nor You are restricted from Marketing Your Franchise Business in the Territory. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. You are permitted to Market in another franchisee’s territory and other franchisees are allowed to Market in Your Territory.

ARTICLE XI BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach this Agreement and fail to cure. If curable, You shall cure all defaults within the times set forth below after receiving notice of default. If the default is one which is incapable of cure, Termination is effective as of the date of the notice of default and Termination.

No-Cure Period:

A. Insolvency. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors, or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization.

B. Repeated Breaches. You repeatedly breach (three or more times) the same or different conditions of this Agreement or the Manuals within a 12-month period.

C. Unauthorized Use. You duplicate the System or use Our Confidential Information or Intellectual Property other than in connection with the operation of Your Franchise Business.

D. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business, or Your misrepresentation to customers, Including deception relating to the source, nature, or quality of goods sold or services provided.

E. Abandonment. You abandon Your Franchise Business or You state or clearly demonstrate an intent not to operate the Franchise Business.

F. Unauthorized Transfer. You Transfer or attempt to Transfer all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or an unapproved percentage of Your franchise entity, or You sublicense or attempt to sublicense to another any of the rights licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

G. False Reporting. You knowingly or intentionally conceal revenues, maintain false books or records, (Including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any false report or payment or otherwise defraud Us.

H. Crimes and Adverse Behavior. You commit or are convicted of or plead guilty or no contest to, or enter into a plea abeyance, stipulated order of continuance or related agreement, to a felony, a crime involving moral turpitude, or You engage in any conduct or behavior that We believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Our interest therein or You make disparaging remarks against Us, Our management, Our employees, the System, or the Rodizio Grill® brand to Our other franchisees or in a public forum, Including radio, television, newspapers, the Internet, or Social Media

I. Unauthorized Competition. You fail to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly disclose or use Our Confidential Information or Intellectual Property in violation of this Agreement.

J. Termination of Lease Agreement. Your Lease for the Premises is terminated due to Your failure to cure any breach after notice, or for Your incurable breach of such agreement.

K. Unauthorized Modification. You modify in any degree by adding to or taking from or changing the contents, amounts, or flavor of any Recipes, or other food items as well as using any substitute ingredients, suppliers or procedures in violation of the Manuals or this Agreement.

L. Failure to Obtain Financing. You fail to qualify for or fail to receive the necessary financing to open and operate Your Franchise Business.

24-Hour Cure Period:

M. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety, You fail to cure a health code or safety violation within 24 hours of an inspection by Us or the applicable governmental agency.

5-Day Cure Period:

N. Unauthorized Closure or Relocation. Your Franchise Business is closed for a period of three or more consecutive days without Our prior written approval, which consent will not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

O. Failure to Use or Provide Access to a Designated Account. You refuse to use, or to enable, or to

allow Us access to Your account for a designated platform or software, Social Media account, or branded email account.

P. Failure to Obtain or Maintain Insurance. You fail to obtain or maintain all required insurance.

15-Day Cure Period:

Q. Failure to Pay. You fail to pay any fee or amount due to Us, any of Our affiliates or other designated, approved or other suppliers or assigns, within the time specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

R. Failure to Accurately Report. You fail to accurately report or fail to submit any reports or records required under this Agreement or the Manuals.

S. Default Notice of Lease Agreement. You receive a notice of default under Your Lease.

30-Day Cure Period:

T. Other Breaches. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement or the Manuals.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may demand adequate assurance of due performance, and until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within 30 days, when properly demanded, will be considered a default of this Agreement for which no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You shall do to cure the specific default(s) within the cure period. In the event of a default by You, all Our costs and expenses arising from such default(s), Including reasonable legal fees and reasonable costs for Our employee's time related to the default(s) must be paid to Us by You within five days following Our demand for payment. Notwithstanding anything to the contrary herein, We have the right, to be exercised in Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. If You fail to cure any default within the time allotted, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement and the pursuit of any one remedy will not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. Bring an action or claim for the balance of any monies due hereunder, Including, penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate and bring an action for the balance of any outstanding installment obligation due hereunder.

11.3.2 Injunctive Relief. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby.

11.3.3 Termination. Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such Termination will be effective upon delivery of a notice of Termination to You without further action by Us.

11.3.4 Other Remedies. Seek any other remedy available to Us at law or in equity, Including lost profits.

11.4 No Right of Termination. You may not terminate this Agreement; however, some states may allow You to terminate as permitted by state law.

11.5 Opportunity to Cure. Prior to taking any action against Us, You must first give Us 60 days' prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be cured within such 60-day period, and We are diligently continuing efforts to attempt to cure such alleged act or omission, You must give Us such additional time as is reasonably necessary to cure.

ARTICLE XII TERMINATION AND EXPIRATION

12.1 Upon Termination of this Agreement for any reason, You will immediately cease to be Our franchisee and must:

12.1.1 Payments Due. Immediately pay for all product purchases, Fees and other obligations owed or accrued to Us, Our affiliates or designated suppliers.

12.1.2 Cease Use. Not hold Yourself out as a Rodizio Grill® franchisee or business and immediately and permanently cease to Market or in any way use Our Intellectual Property or Confidential Information, provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Disassociation. Within 10 days of Termination, take all necessary steps to disassociate Yourself from the Rodizio Grill® System and Your Franchise Business, Including, the removal of signs, destruction or removal of letterheads, Marketing material, the change of Your Franchise Business telephone listings, telephone numbers, email addresses, URLs, Internet websites, and any other property that bears Our brand or is affiliated with Our brand. All such property and listings, excluding Your operating assets and inventory that are associated with and considered part of Our brand, Intellectual Property, and System revert back to Us upon termination of this Agreement. If any of Your Operating Assets and inventory bear Our brand and Marks to Our System, You must take the steps necessary to dissociate it all from Our brand, Marks, and Intellectual Property. You shall assist Us to assign, transfer, or disconnect (at Our option) the telephone listing, telephone numbers, Marketing accounts, email addresses, URL's, Internet sites, web pages, and Social Media to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, email accounts, and Social Media and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers, which appointment is coupled with an interest. You must not identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.4 Cancel DBA. Within 10 days of Termination, take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.5 Notify Suppliers; Communication with Customers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. All communications with customers of the Franchise Business must be pre-approved by Us, and We can require that all such communication be handled by or through Us. We also have the right to communicate directly with all customers of the Franchise Business.

12.1.6 Return Materials. At Your cost, permanently delete electronic copies and return to Us by first class prepaid United States Mail, (Including originals and any copies), physical copies of Our Manuals, all training materials, Marketing materials and all other printed and electronic materials, Intellectual Property and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.



12.1.7 Modification of Premises. If We do not exercise Our right to purchase Your Operating Assets or assume Your Lease upon Termination, then within 30 days of Termination and at Your expense You shall alter, modify and change both the exterior and interior appearance of the Premises to Our satisfaction, so that it will be easily distinguished from the standard or common appearance of a Rodizio Grill® business and shall cease using the signs, décor, displays, advertisements, promotional materials and the like that are unique or distinctive to the System. In the event You fail to modify Your Premises, We may hire a third-party or use Our own personnel to de-identify Your unit and/or to carry out any other obligations on Your behalf.

12.1.8 Customer Data. To the extent We do not have access, You shall provide Us with (and then permanently destroy) the Customer Data of the Franchise Business.

12.1.9 Financial Inspections. You shall provide Us with access to all Your financials, books, and other accounting records for 12 months following the date of Termination.

12.1.10 Evidence of Compliance. Otherwise furnish evidence satisfactory to Us of compliance with this Section 12.1 within 30 calendar days after the Termination of this Agreement or the non-granting of a Successor Franchise.

12.1.11 Prepaid Services Reimbursement Fee. Upon Termination, You shall provide Us with an accounting of all outstanding Prepaid Services sold or collected by Your Franchise Business. As We and other franchisees may be responsible to fulfill such Prepaid Services, You shall reimburse the customer or pay Us the amount of outstanding Prepaid Services.

12.1.12 Pay Damages and Costs. Pay to Us all costs, damages and expenses, Including post-term expenses and reasonable attorney's fees incurred by Us to enforce the provisions of this Agreement, Including to obtain injunctive or other relief to enforce any provision of this Agreement. At Your expense, We may hire a third-party or use Our own personnel to carry out Your obligations on Your behalf.

12.2 Upon Termination of this Agreement, for any reason:

12.2.1 No Compensation. No payment is due to You from Us or any source on account of any goodwill, intangible assets or other equity claimed by You arising from or relating to Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business, or the System belongs now and, in the future, exclusively to Us.

12.2.2 No Refund. No Fees, charges, or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use the System, Confidential Information, Intellectual Property, or the goodwill of the Franchise Business.

12.3 Survival of Provisions. All provisions of this Agreement, which by implication apply following the Termination of this Agreement are enforceable following Termination of this Agreement, Including Your obligation to indemnify Us and pay all amounts owed and Your obligations to dissociate from Our brand. You shall also still be bound to the confidentiality, brand protection, indemnification, non-disparagement, non-competition, non-solicitation, arbitration and dispute resolution, choice of forum and law selections clauses and other restrictions of this Agreement that have terms or duties owing after Termination of this Agreement.

12.4 Make Premises Available to Us. In addition to those obligations set forth above, upon Termination, You shall make the Premises and computer systems accessible and available for Us to examine and verify Your compliance with Your post-termination obligations, and/or to operate a New Business at the Premises (see

Paragraph 13.1.1(i) below) if We, at Our sole discretion, choose to do so. If You fail to make the Premises available to Us, You will be assessed a Fee for the expense incurred by Us to enforce Our rights under this paragraph.

12.5 Liquidated Damages. If this Agreement is Terminated, other than for an approved Transfer, non-renewal or mutual termination, in addition to other remedies available under this Agreement, We will be entitled to liquidated damages, not as a penalty, and solely to compensate Us for lost future royalties. You and We recognize the difficulty of calculating damages caused by lost future royalties, but nevertheless recognize and agree that such damages could arise, and You and We hereby agree to the formula listed on Exhibit “A-3” as a compromise on the calculation of such damages. You and We agree that such amount will be reduced to the present value of such payments as of the date of termination utilizing an interest rate of 5% compounded annually. This amount is payable within 10 days of Termination.

12.5.1 Additional Equitable Remedies. The amount contemplated under Section 12.5 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, Section 12.5 does not preclude and is not inconsistent with a court granting Us specific performance, other damages set forth herein, or any other equitable remedies, such as an injunction, to prevent future breaches.

12.6 Cumulative Rights. Our rights provided above are cumulative and in addition to any other right or remedy available at law or in equity.

ARTICLE XIII PURCHASE OPTION

13.1 Purchase Option. Upon Termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreements. You hereby grant Us permission to speak directly with Your landlord and other creditors, Including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 90 days of such Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later (“Option Period”) by giving written notice to You of Our intent to exercise Our option to purchase. The purchase of any of Your Operating Assets will be done through an asset purchase agreement. We have the right to off-set any amounts You owe to Us against the purchase price. If We have not notified You of Our election to exercise this option within the aforesaid Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens or taxes, We may also withhold a portion of purchase price to pay off such lien or taxes. We may also withhold 25% of the purchase price for 90 days to ensure that all other liabilities affecting the Operating Assets are paid.

(i) **Interim Management During Option Period.** We have the right, but not the obligation, to use Your Operating Assets and Premises (if the Lease is still in effect, and in such case, We will obtain this right from the landlord as applicable), and to hire Your personnel to operate the Franchise Rodizio Grill® Business during the Option Period. You and We understand and agree that We will not be operating Your Franchise Business during this time, but We will be using Your Operating Assets and the Premises to operate Our own, separate Rodizio Grill® business (“New Business”) in order to keep the business open during the Option Period. We will pay You the fair market rental value for such use of the Operating Assets as agreed, but not to exceed fair market rental value, and if We use the Premises, We may pay rent directly to the landlord for Our use of the Premises. For any inventory or other items sold or consumed by Us during the Option Period, We will reimburse



You the actual price You paid for such items. You will be required to cooperate to provide Us with all pertinent information regarding Your Franchise Business, as We deem necessary. We will establish Our own bank accounts and other accounts for the New Business during the Option Period. During the Option Period, We will pay all costs and expense of the New Business, and all proceeds of the New Business will belong to Us. However, We will not assume any of Your debts or obligations, and We will not be responsible to pay any debts or expenses incurred by Your Franchise Business. You shall indemnify and hold Us harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs, Including attorney's fees, of or related in any way to the Franchise Business prior to Us operating the New Business at the Premises, and We shall indemnify and hold You harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs arising solely from the New Business. If necessary, We have the right to change the locks and exclude You from the Premises during this Option Period.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your Lease under the provisions of Section 4.2 above.

13.1.3 Warranties. The purchase contract for the Operating Assets, as set forth in paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the Operating Assets being purchased, Including warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

ARTICLE XIV SALES OR TRANSFERS OF THE FRANCHISE

14.1 Our Right of Assignment. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns. We may be sold, or We may sell any part of or all Our Confidential Information and/or Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge with or, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction, Including arrangements in which: 1) the territories, retail locations or other facilities are, or are not, converted to the System or other format or brand (Including using the System or Marks), or 2) the System is converted to another format or brand, maintained under the System or a different system. You waive all claims, demands and damages with respect to any transaction or otherwise allowed under this Section or otherwise. You shall fully cooperate with any such proposal, merger, acquisition, conversion, sale, or financing.

14.2 No Assignment by You Without Our Approval. This Agreement is personal as to You and is being entered into in reliance upon and in consideration of Your qualifications and representations, Including representations of all current owners. Therefore, none of Your Franchise Assets may be Transferred in any manner by You or anyone else unless Our prior written approval is obtained. You shall provide Us with all documentation relating to the Transfer of Your Franchise Assets. Said approval will not be unreasonably withheld but will be conditioned upon Our satisfaction with the qualifications set forth in Section 14.3 below of the proposed transferee and its owners and officers.

14.2.1 Transfers to Competitors Prohibited. You cannot Transfer any part of Your Franchise Assets to a Competing Business or to owners of a Competing Business without Our written permission. Any such Transfer without Our written approval is considered void ab initio.

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, financial resources, credit worthiness, health, background, training, personality, reputation, and business experience of the proposed transferee, Including that of the new Operating Principal, the terms and conditions of the Transfer and any circumstances that would make the Transfer not in the best interests of Us or the System, Including the

proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer.

14.4 Application for Transfer. You must provide Us written notice of Your intent to Transfer prior to listing or offering part of the Franchise Assets for sales, and upon any proposed Transfer of Your Franchise Assets, or any interest therein. You must also submit to Us an application in the form specified by Us on behalf of the proposed transferee.

14.5 Transfer Fee. As a condition of Our approving the Transfer of any part of Your Franchise Assets, You shall pay Us the non-refundable Transfer Fee listed in Exhibit “A-3” at the time of the approved Transfer.

14.6 Minority Interest Transfers. If a proposed Transfer is for less than 40% of Your entity (cumulative during the term of this Agreement), there will be no transfer Fee, but You shall reimburse Us Our legal and corporate fees incurred related to the Transfer, and We will not be entitled to exercise Our right of first refusal set forth in Section 14.9 below. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face a Transfer is subject to the restrictions of this Agreement. Additionally, any new Operating Principal and other applicable personnel are required to complete the necessary training as required by Us. Any new owner with a direct or indirect ownership of 20% or more in Your Franchise Business or Your entity must personally guarantee the obligations of this Agreement.

14.7 Involuntary Transfers Void. Involuntary Transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us and are grounds for termination of this Agreement. Using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited unless We specifically consent to any such action in writing prior to the proposed transaction. You cannot grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to Transfer any part of the Franchise Assets, whether or not binding on Us, will be grounds for the immediate Termination of this Agreement unless such Transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of Transfer of any part of Your Franchise Assets and as a condition for Our approval of any Transfer:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder, and You must comply with Our policies related to a Transfer as set forth in the Manuals. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries must be paid in full. You shall have submitted to Us all required reports, financial statements and other documents.

14.8.2 Written Proposal. The terms and conditions of the proposed Transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the Transfer must not, in Our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchise Business.

14.8.3 Assumption of Obligations. All Your obligations in connection with the Franchise Assets must be assumed by the transferee, including assuming Your Lease obligations, if applicable, in a form acceptable to Us, and the transferee(s) must provide personal guarantees approved by Us. See Section 6.3 above.

14.8.4 New Franchise Agreement. At Our discretion, the transferee must sign the then-current form of the franchise agreement for a term equal to, the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise agreement and fully Update the Franchise Business and Premises to the level required of new franchisees.

14.8.5 Training. The transferee must pay for and complete the training or certification program required of new franchisees. See Exhibit “A-3.” The transferee is also responsible for the cost of travel, food and lodging for Our representatives or the transferee’s attendees. You and the transferee and We must coordinate on the timing of training, so that the Franchise Business does not have a gap in properly trained management.

14.8.6 Transfer Fee. You shall pay the transfer Fee set forth on Exhibit “A-3.”

14.8.7 General Release. You must execute a general release releasing to Us of any claims You may have against Us.

14.8.8 Pre-paid Services. You must provide Us and the proposed transferee with an accounting of all outstanding Prepaid Services, which must be taken into account and handled as a part of the transfer agreement.

14.8.9 Survival of Covenants. Your non-competition, indemnity, confidentiality obligations, the provisions relating to dispute resolutions, and other applicable terms of this Agreement, will survive any Transfer.

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your Franchise Assets on such terms and conditions specified in a bona fide written offer from a third-party, who would satisfy the criteria for approval under Section 14.3. You must notify Us in writing of the terms and conditions of the Transfer, Including the Franchise Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer and data concerning Your Franchise Business, financials, employee information, and lease information. We will have 60 days in which to advise You in writing of Our election to have the Franchise Assets Transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Franchise Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to 30 days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. We have the right to off-set any amounts You owe to Us against the purchase price.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth in this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, and any of those changes are more favorable to the purchaser, You must notify Us of the changes in writing, and We will have an additional 15 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. If the proposed Transfer is not completed for any reason after We elect not to purchase the Assets being Transferred, a new right of first refusal commences as to any subsequent proposed Transfers by You. Additionally, if Your Franchise Business is not Transferred to such third-party within five months days after We elect not to purchase the Franchise Assets, You must re-offer the Franchise Assets to Us before You may Transfer to an approved third-party. We have no obligation to purchase Your Franchise Assets.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or the majority owner of the franchisee entity (the term “incapacity” means any physical or mental infirmity that prevents the person from performing his or her obligations under this Agreement: (i) for a period of 60 or more consecutive days, or (ii) for 100 total days during a calendar year), the heirs or personal representative will have the right to continue Your Franchise Business; for no more than 120 days after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint

a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new managers or franchisees, Including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to Transfer Your Franchise Business. If a decision to Transfer is made, the Transfer procedures explained above will apply. If We are required to operate Your Franchise Business for a time due to Your death, incapacity, or as otherwise allowed under this Agreement, the provisions of Paragraph 6.2.3 above will apply.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to Transfer to Your spouse, domestic partner, or a third-party all or any part of Your Franchise Assets, such an order will constitute a Transfer of this Agreement and will cause the Transfer and the transferee to be subject to all the terms and conditions concerning Transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the Rodizio Grill® franchises or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all Your rights and interests in and under this Agreement and Your Franchise Business at fair market value payable on terms as reasonably negotiated. The purchase price will not include compensation for any successor term or goodwill. All goodwill belongs to Us. Local goodwill may be taken into account in determining the value of Your Franchise Business. Local goodwill is that goodwill which is established in the mind of the public within Your Territory, and only within Your Territory discounted by Our Ownership of the Marks. If the purchase option is exercised, You must execute a general release to Us. We will close Our purchase and make payment within 120 days after closing or as soon thereafter as reasonably practical.

14.13 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership (without paying a transfer fee to Us), provided You: (1) give Us at least 15 days' prior written notice of the proposed Transfer; (2) send Us copies of the entity's charter documents, bylaws (or operating agreement), ownership interests of the owners, and similar documents, as We may request for Our review; and (3) own all equity and voting securities of the corporation or limited liability company. Additionally, You and the new entity must sign an assumption and assignment agreement in the form required by Us, whereby the transferee assumes all obligations of this Agreement, and all personal guarantors remain as personal guarantors after the Transfer. Furthermore, Your Operating Principal must continue in the same capacities as before the Transfer.

ARTICLE XV RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, employee, joint employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, damages, losses, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are solely responsible for the management and control of Your Franchise Business, Including, its daily operations, managing and directing employees, contractors, and salespersons and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense Including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You must post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You shall defend, indemnify, and hold Us harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, Including reasonable attorney's fees arising out of or



related to, or in any way connected with You or Your acts, errors, negligence, or omissions in the operation of Your Franchise Business or Your Franchise Business generally, Including during any Interim Management Period, and Including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your employees, and other laws regarding public accommodations for persons with disabilities. You agree not to file any crossclaim or counterclaim against Us for any action made by a third-party or make any response that would infer or represent We are liable as a party or defendant to any action that is contrary to this Section. This Agreement and the terms in this Article and related terms in this Agreement is a bona fide defense to any claim You may contradictorily make against Us as to Our liability or proportion of fault. You shall bear all costs to defend Us from claims raised by a third-party. If We incur any costs or liabilities to any third-party, You shall reimburse Us for costs associated with Our defense to those claims. We have the right to defend any such claim against Us by employing counsel of Our choice, subject to full reimbursement of all legal fees by You. We will use Our reasonable efforts to cooperate with You in any litigation, judicial or administrative proceeding to avoid duplication of time, effort or expenditure to the greatest extent possible without compromising Our interest in such matter. You are not required to indemnify Us for liability caused by Our willful misconduct, gross negligence, strict liability, or fraud. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

ARTICLE XVI COVENANT NOT TO COMPETE

16.1 In-Term Covenants. During the term of this Agreement and for any extensions or Successor Franchises hereof, You, Your Principals, and Your Immediate Family, shall not directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity or location, except with Our prior written consent. Your Principals must each execute the standard Brand Protection Agreement for Principals attached as Exhibit “A-4.” Your management employees and all personnel with access to the Recipes must execute Our Employee Brand Protection Agreement attached hereto as Exhibits “A-5.” (Although We provide You this form, it is Your responsibility to conform it to the laws and regulations of Your state.) You shall promptly deliver a copy of all such agreements to Us within one week of hiring of the respective employee.

16.2 Confidentiality. During the term of this Agreement and any extensions or Successor Franchises hereof, and at any time after the Termination of this Agreement, You and those over whom You have control shall not make any unauthorized disclosure or use of Our Confidential Information or Intellectual Property other than as authorized by this Agreement. You shall adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of the Confidential Information or Intellectual Property, which procedures may be prescribed from time to time by Us. You shall never contest the validity of Our exclusive ownership of and rights to Our Intellectual Property or Confidential Information. Without limiting the foregoing, any communication (email, paper, etc.) from Us to You cannot be forwarded to another email account You control or share, or forwarded to anyone, Including employees, without first receiving Our express written consent.

16.2.1 Prior Disclosures. You acknowledge and agree that prior to the execution of this Agreement, You may have received information and met and corresponded with Our principals, agents and/or representatives, and that any such Confidential Information obtained or received is subject to the protection and restrictions of this Agreement.

16.2.2 Confidentiality of this Agreement. You agree that all terms of this Agreement that are not otherwise made public under franchise disclosure laws will remain confidential, and You will not make any public announcement, issue any press release, publicize, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the confidential terms of this Agreement only to Your professional lenders, advisors, and government authorities.

16.3 Post Term Covenants. Upon Termination for any reason of this Agreement, and any extensions thereof, or upon any Transfer or repurchase of Your rights hereunder and for a continuous, uninterrupted period of three years thereafter, You, Your Principals and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business within Your Territory or within 30 miles of Your Territory or within 25 miles of the territory of any System franchise or Rodizio Grill® business operation at the time of Termination of this Agreement.

16.4 Non-Solicitation of Customers. During the term of this Agreement and for three years after the Termination of this Agreement, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, contact any customer serviced by the Franchise Business, a prospective customer, or any former or then-current customer of Ours (with whom You had contact during the term of this Agreement) for the purpose of soliciting any such customer to a Competing Business. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

16.5 Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Us, in the event You violate a non-competition and/or non-solicitation covenant, the applicable non-competition and/or non-solicitation period will be tolled for the period of Your violation.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article is likely to cause substantial and irreparable harm to Us and the System. The existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants set forth in this Article.

16.7 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article be enforced to the fullest extent permissible under applicable laws. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, then We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

16.8 Immediate Family. You acknowledge and agree that the restrictions on Your Immediate Family is necessary because Your disclosing Our Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement, and You also acknowledge that it would be difficult for Us to prove whether You disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

ARTICLE XVII DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any Disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. In the event any Dispute arises between Us in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us at Our then-current headquarters and within 30 days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services (“FAM”) or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert or counsel for any party with respect to the dispute and any related matters.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, the Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah. The arbitrator will have the power and jurisdiction to decide such Dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied, and reasons for the decision.

(i) Arbitration Procedures. In any arbitration the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of 25 (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties, or at the discretion of the arbitrator if petitioned by either party. The arbitrator, and not a court, will decide any questions relating in any way to the parties’ agreement or claimed agreement to arbitrate, Including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

(ii) Individual Disputes. All Disputes must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration proceeding involving Us and any other party. You thereby fully waive any right You may have to any potential class action claim and agree that any legal action will only be on an individual party basis.

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, indemnification under Article XV, or claims related to an act of Yours allowing Us to immediately terminate this Agreement, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought

or instituted within one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two years after the first act or omission giving rise to an alleged claim. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for Fees and other monies owed by one party to the other under this Agreement.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards or other interim relief), that party can appeal, within 30 days of such final award, to a three-person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings, subject to reimbursement as set forth below.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the arbitrator and arbitration organization equally during the arbitration. If a party is unable or unwilling to pay its share of the cost of the mediation, arbitration, or litigation, the other party has the right to cover those costs; however, the prevailing party in arbitration, including on appeal, will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

17.3 Continued Performance. During the pendency of any Dispute or any such interim relief proceeding, the parties shall continue to perform their respective obligations under this Agreement.

ARTICLE XVIII NOTICES

18.1 Notices. All notices permitted or required under this Agreement will be in writing and will be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission when confirmed by facsimile transmission, during normal business hours, Monday through Friday, holidays excepted; (iv) by sending an email to the email address below or other verified email address when confirmed by receipt verification, which verification will not be withheld or otherwise denied; or (v) by certified or registered mail, return receipt requested, addressed as follows:

FRANCHISOR:	FRANCHISEE:
Phoenix Franchise Group, LLC 9829 South 1300 East, Ste 302 Sandy, Utah 84094 (or Our then-current headquarters) Email: franchising@rodizio.com With a copy to (which will not act as notice or service to Phoenix Franchise Group, LLC): The Franchise & Business Law Group Attn: Christian Thompson 222 South Main Street, Suite 500 Salt Lake City, Utah 84101 Email: cthompson@fbglaw.com	_____ _____ _____ Email: _____

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred 48 hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

ARTICLE XIX CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between Us and You. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties are entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration proceeding. The costs of mediation will also be awarded to the prevailing

party in arbitration or litigation, if applicable. For purposes of this Agreement, “prevailing party” Includes, the party which obtains a judgment in their favor or agrees to dismiss an action or proceeding upon the other’s payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within 30 days of written notice after prevailing.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C. § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

ARTICLE XX MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third-Party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit or right or a third-party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, Including those of a third-party beneficiary, under any contract, understanding or agreement between Us and any other person or entity, unless that contract, understanding or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us or any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If more than one person, corporation, limited liability company, partnership or other entities or any combination thereof sign this Agreement on behalf of the franchisee, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You shall not offset nor withhold the payment of any Fees, payments or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any Dispute of any nature or otherwise.

20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, Including Your name, address, phone numbers, financial information, copies or reports, and other information.

- 20.8 **Binding Agreement.** This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.
- 20.9 **Force Majeure.** Neither party will be liable by reason of any failure or delay in the performance of such applicable party's obligations hereunder on account of strikes, fires, flood, storm, explosion, government shutdown or mandate, or other similar causes which are beyond such party's reasonable control. This Section will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.
- 20.10 **Entire Agreement.** The parties intend this Agreement and all attached exhibits hereto, which are hereby fully incorporated by reference herein, to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further, or additional rights of You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document. If any term of this or Agreement is determined as void and unenforceable, the remaining terms and duties under this Agreement will still be considered enforceable and severable as if it was its own separate agreement from the voided term.
- 20.11 **Amendments.** No amendment, change or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement and are binding.
- 20.12 **Effective Date.** Delivery of a draft of this Agreement to You does not constitute an offer. This Agreement will become effective only when fully executed and accepted by Us.
- 20.13 **No Course of Dealing.** No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.
- 20.14 **No Representations.** You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance, or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business; 7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.
- 20.15 **Variances.** You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, or the terms on which We offer franchises, the charges We (or Our parent or affiliates) make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction as We believe necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this franchise.

20.17 Representations of Non-Violation. You represent and warrant that You can enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or cause the violation or breach, of any agreement or covenant between any third-party or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of the Our franchise disclosure document (“FDD”) for at least 14 calendar days or 10 business days, whichever is applicable in Your state, prior to signing this Agreement or making any payment to Us.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You will not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Under otherwise agreed to in writing, Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Counterpart and Electronic Signatures. This Agreement and its exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature with full legal force and effect and may be used for all purposes as if it were an original.

20.21 Owners of the Franchise. You represent and We rely upon Your representations in entering into this Agreement that the individuals in Exhibit “A-2” are the owners of and sole holders of a legal and beneficial interest in the franchise entity and in Your Franchise Business.

20.22 Drafting. You acknowledge that You have read this Agreement, have had the opportunity to review it with an attorney of Your respective choice and have agreed to all its terms. The rule of construction that a contract be construed against the drafted will not be applied in interpreting this Agreement.

ARTICLE XXI CERTAIN DEFINITIONS

“Competing Business” means a Brazilian-style steakhouse restaurant business, at wholesale or retail, or a business offering products or services the same as or substantially similar to those offered at Your Franchise Business or as part of the System during the term hereof or at the time of Termination.

“Confidential Information” means any non-public information (through no fault of Yours) relating to Our products or services, or operation of Rodizio Grill® business, the System, or relating to the System as a whole, Including: (i) methods, techniques, formats, specifications, procedures, and systems; (ii) hardware, software, proprietary technology, and equipment; (iii) sales and Marketing programs, sales techniques, pricing, bidding methods, etc.; (iv) the development and operation of Rodizio Grill® businesses; (v) knowledge of, specifications for, and suppliers of, certain Rodizio Grill® products, materials, supplies, equipment, furnishings and fixtures; (vi) operating results, margins, expenses, and financial performance of Rodizio Grill® businesses; (vii) strategic plans and concepts for the development, operation, or expansion of Rodizio Grill® businesses; (viii) the contents of the Manuals; (ix) all Customer Data; (x) login, passwords, access information, etc., to email accounts, social media, Manuals or other internal sites or shared documents (xi) Intellectual Property that is generally deemed confidential; (xii) all Innovations; (xiii) Recipes; and (xiv) any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship.

“Copyright Materials” means all writings, video and audio recordings, photographs, images, materials, Manuals, drawings, artwork, websites, logos, Marketing materials, apps, and designs used with the Marks or in association with the System.

“Customer” and “Client” whether or not capitalized have interchangeable meanings in this Agreement.

“Customer Data” means any and all customers and prospective customer and potential customer data and lists, Including phone numbers, emails, mailing addresses, name and contact information for key personnel of the customer, Social Media followers’ information, etc., even if maintained by You or deemed to have arisen through Your activities. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

“Dispute” means any claim, controversy, disagreement, or dispute whatsoever.

“Fees” refers to those fees, payments, and costs that You are required to pay to Us or an affiliate as more fully set forth on Exhibit “A-3.”

“Gross Sales” Includes the total of all sales of all goods and services sold, traded, bartered, or rendered by You and income of every kind and nature, Including the value of a trade or other bartering, arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. Gross sales also Includes insurance proceeds and/or condemnation awards for loss of sales, profits, or business. “Gross Sales” excludes bona fide credits or returns for products and excludes amounts paid by You for sales or use taxes on the sale of any products or services.

“Franchise Assets” means this Agreement, or any of rights or privileges associated with this Agreement, or any shares or units in the ownership of Your entity, Your Franchise Business, or substantially all Your assets.

“Immediate Family” means spouses, domestic partners, parents, stepparents, children, stepchildren, sons-in-law, and daughters-in law.

“Innovation” means any improvement, change, modification, enhancement, or addition to the System, Copyrighted Materials, Manuals, Confidential Information, website, Social Media, Marketing materials, apps or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the System, or any creative concepts, Marketing ideas, or inventions related to the System, and all derivatives thereof, whether implemented in the System or not.

“Including or Includes” means “including but not limited to,” “including, without limitation,” and similar all-inclusive and non-exhaustive meanings.

“Intellectual Property” means all Marks, trade dress, names, Copyrighted Materials, systems, patents, patent applications, trade secrets, websites, Social Media, apps and software.

“Interim Management Period” refers to the period of time during which We step in to manage Your Franchise Business as allowed under this Agreement.

“Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use Our trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or Social Media; or wikis, podcasts, online content sharing communities, or blogging.

“Lease” means a commercial lease or other document of occupancy of the Premises.

“Manuals” means one or more guides, manuals, Including an operations manual, brand standards manual, training manuals, and/or policies and procedures manuals, technical bulletins, online drives or portals, or other written materials as may be developed, modified and supplemented by Us periodically. The Manuals may be printed or in an electronic format.

“Marketing” or “Market” Includes advertising, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

“Marks” means the federally registered and common law names, trade names, trademarks, slogans, service marks, logos and/or other commercial property or symbols owned by Us or licensed to Us, whether now or later developed, used in connection with the System.

“Operating Account” means that account into which all receipts of Your Franchise Business must be deposited.

“Operating Assets” means Your assets, contracts, inventory, supplies, furniture, equipment, signs, service vehicles, accessories, and other personal property relating to Your Franchise Business.

“Operating Principal” is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

“Participant” means an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee (management-level or higher), contractor, advisor, officer, lessor, lessee, licensor, or licensee.

“Prepaid Services” means gift cards, gift certificates, event deposits, other prepaid services, etc., sold at Your Franchise Business for which We allow You to manage the accounting and pooling on such gift cards, gift certificates, deposits, other prepaid services, etc.

“Principal” means shareholders, owners, partners, directors, members, managers, officers, and principal employees and contractors.

“Recipes” means Our recipes, kitchen books, ingredients, flavors, compositions, mixes, batters, syrups, spices, sauces, fillings, frostings, toppings, dressings, cook or mix times, cook temperatures, measurements, menus, preparation techniques, methods and formulas, etc., related to Our food or drink products and menu items.

“Shall” when used in this Agreement (even if not capitalized) means must, mandatory, or other similar affirmative obligation, as the context requires.

“Social Media” means any and all websites, apps and web or Internet pages for social interaction, business operation, Marketing, and other online information communications, whether now or later developed.

“System” Includes the Franchise Business, specific Marks, interior design, restaurant layout and décor, color schemes, standards, Manuals, Recipes, processes, services, know-how, operating procedures and Marketing concepts, business formats, specifications for and the use of certain equipment, and the use of proprietary and Confidential Information and other Intellectual Property.

“Termination or Terminate” Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, Transfer, or any other means by which this Agreement is no longer in effect, and You are no longer a franchisee of the Rodizio Grill® System.

“Transfer” Includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, sublicense, mortgage, granting of any security interest, or sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance, or security interest.

“Update” Includes renovations, remodeling, redecorating, redesigning, refixturing, upgrading, refurbishing, modernizing, etc.

“We” “Our(s)” or “Us” only as applied to Paragraphs 2.2.3, 10.1.1, 10.1.2, and 14.8.7, and Sections 3.1, 3.5, 6.6, and 16.4, and Articles XI and XV, Includes Our predecessors, affiliates, subsidiaries, successors, and assigns and Our officers, directors, shareholders, members, managers, employees, agents, development agents, or others with whose conduct We are chargeable, as applicable.

“You” or “Your” Includes all signers of this Agreement, all current and subsequent guarantors, all subsequent and current members, Operating Principals, owners, partners, shareholders, managers, directors, officers, agents, affiliates, and principal employees and with those whose conduct You are chargeable.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have respectively signed this Franchise Agreement effective as of the day and year first written above.

FRANCHISOR:

PHOENIX FRANCHISE GROUP, LLC

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

If the franchisee is not an entity, each person must sign personally.

By: _____
(Signature)

Name: _____, personally

By: _____
(Signature)

Name: _____, personally

[Signature Page to the Franchise Agreement]



**PERSONAL GUARANTY AND AGREEMENT TO BE
BOUND PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT**

In consideration of the execution of the Franchise Agreement, dated _____, (“Franchise Agreement”), by Phoenix Franchise Group, LLC (“Franchisor”) and for other good and valuable consideration, the undersigned (“Guarantors”), for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby guaranty the full performance of the terms and conditions of and liability for the aforesaid Franchise Agreement and related documents.

Guarantors understand that a separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee, or any or all of them, or whether any other Guarantor or Franchisee is or are joined in the action.

Guarantors agree that any claims, controversy, or dispute of a Guarantor will be governed by the provisions of Article XVII and Article XIX of the Franchise Agreement, which Articles are incorporated herein and by reference made a part hereof. Guarantors agree that all litigation, arbitration and/or mediation will take place in Salt Lake City, Utah, and each Guarantor hereby submits to personal jurisdiction in the federal and state courts of Utah.

Guarantors waive the benefit of any statute of limitations or other provision of law which in any way affects or limits a Guarantor’s liability under this Guaranty. Guarantors acknowledge and agree no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Franchisor and the franchisee thereunder will affect this Guaranty.

This Guaranty will be governed by the laws of the state whose laws govern the Franchise Agreement.

This Guaranty may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

DATED _____.

GUARANTOR(S):

By: _____ By: _____

Name: _____, personally Name: _____, personally

By: _____ By: _____

Name: _____, personally Name: _____, personally

By: _____ By: _____

Name: _____, personally Name: _____, personally



**EXHIBIT “A-1”
TO THE FRANCHISE AGREEMENT**

**SEARCH AREA AND TERRITORY:
(Map may be attached)**

1. Your Search Area in which to select Your Premises location is as follows:

2. Your approved Premises is to be located at *(may be filled in later if the approved Premises is not known at the time of signing the Franchise Agreement)*:

3. Your Territory is _____ miles from Your approved Premises location in all driving directions.

**Our approval of a location is not a guarantee or a warranty
of the potential success of a location.**

Franchisee Initial and Date

Franchisor Initial and Date

EXHIBIT "A-2"
TO THE FRANCHISE AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

- | | |
|--|--|
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Corporation |
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Limited Liability Company |

Name of your entity: _____

The state in which your entity was formed: _____

Date of formation: _____

EIN: _____

The names and addresses of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

*Corporation: Percentage owned of outstanding voting stock.

*Partnership: Percentage owned in voting and in capital and profits.

*Limited Liability Company: Percentage owned in membership interest.

The names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title	Manager/Officer

The address where Your corporate records are maintained is:

The name and address of the Operating Principal who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with Us and make decisions relating to the operations of the Franchise Business:

Name: _____

Address: _____

Email: _____

Phone: _____

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

Dated: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

**EXHIBIT “A-3”
TO THE FRANCHISE AGREEMENT**

FEE CHART

The following Fees are more fully described in the Franchise Agreement.

Type of Fee	Amount	Notes
Successor Franchise Fee	\$5,000	See Paragraph 2.2.4
Relocation Fee ¹	Up to \$10,000 to cover Our reasonable cost associated with Your relocation	See Section 4.5
Initial Franchise Fee	\$50,000	See Section 5.1
Royalty	4.5% of Gross Sales	See Section 5.2
Marketing Fund Fee	1% of Gross Sales	See Paragraph 5.3.1
Local Marketing Requirement	2.5% of Gross Sales	See Paragraph 5.3.2 and Paragraph 10.2.3
Late Fees ¹	\$25 per day (up to a maximum of 2x the total amount owing per instance per late payment and up to \$500 per late report)	See Paragraph 5.4.4
Non-Sufficient Fund Fees ¹	\$50 per bounced check or draft	See Paragraph 5.4.4
Interest on Late Fees and Reports	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.5
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.6
Audit Charge	Cost of audit	See Paragraph 5.6.1
System Non-Compliance Fines and Charges ¹	\$250 for the first violation; \$500 for the second violation; and \$1,000 for the third and subsequent violations	See Section 5.10
Initial Training Fee	No fee	See Paragraph 6.1.4
Replacement Training ¹	\$200 per person/per day, but there is no training fee if You send Your representatives to be trained at Our designated facility	See Paragraph 6.1.4(i)
Additional Training ¹	\$200 per person/per day, but there is no training fee if You send Your representatives to be trained at Our designated facility	See Paragraph 6.1.4(ii)
Rescheduling Fee	Our costs to reschedule a training or assistance	See Paragraph 6.1.4(iv)
Insurance Reimbursement Fee ¹	Premium costs, plus an administration fee of \$50 per hour to obtain the insurance	See Paragraph 6.1.10(ii)
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.12(iv)
Conference/Seminar Fee ¹	\$600 to \$1,200 per person for conferences held in United States	See Paragraph 6.1.13
Interim Management Fee ¹	\$200 per person/per day	See Paragraph 6.2.3 and 14.10
Opening Assistance Reimbursement Fee	50% of Our representative’s lodging costs	See Section 7.4
Supplier Evaluation Fee ¹	\$500, plus our reasonable expenses and costs	See Section 8.3
Advertising Cooperative	Up to 2.5% of gross sales payable to the co-op, if established	See Paragraph 10.2.3
Additional Copies of Marketing Materials	Our reasonable costs, plus 10%, and the costs for shipping and handling	See Section 10.4

Fees on Default	Our costs associated with Your default	See Section 11.2
Prepaid Services Reimbursement Fee	Varies	See Paragraph 12.1.11
Post-Termination Non-Compliance Fee	Actual costs	See Paragraph 12.1.12
Early Termination Liquidated Damages Fee	Average royalty from the previous 12 months multiplied by 24 months or the remaining term of the Franchise Agreement, whichever is less	See Section 12.5
Franchise Agreement Transfer Fee ¹	\$5,000	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and administrative costs incurred	See Section 14.6
Transferee Training Fee ¹	\$200 per day, per attendee, but there is no training fee if the transferee sends its representatives to be trained at Our designated facility	See Paragraph 14.8.5
Indemnification	Damages and Costs	See Section 15.2
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

¹ We may increase this Fee by up to 10% per year during the term of the Franchise Agreement to adjust to increased costs and other inflation-related factors. Costs charged by third parties are subject to change at any time and do not have an annual cap.

**EXHIBIT “A-4”
TO THE FRANCHISE AGREEMENT**

PRINCIPAL BRAND PROTECTION AGREEMENT

THIS PRINCIPAL BRAND PROTECTION AGREEMENT (the “Agreement”) is entered into and made effective as of the effective date listed below by and between PHOENIX FRANCHISE GROUP, LLC (“Franchisor”) and the undersigned (individually and collectively, the “Principals”).

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor (“Franchise Agreement”) so as to be able to obtain the rights to operate a Rodizio Grill® Franchise Business using the System developed by the Franchisor, Including certain Confidential Information of Franchisor (“Franchise Business”);

WHEREAS, Principals recognize the value of the System and the Recipes and the importance of keeping the Confidential Information confidential, and recognize that the Franchisor’s entering into the Franchise Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW, THEREFORE, in consideration of the Franchisor entering into the Franchise Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgement. Principals individually acknowledge that he or she has obtained or may obtain access to Confidential Information made available to Principals, that is are necessary and essential to the operation of the Franchise Business, without which information the Franchise Business could not efficiently, effectively and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Franchise Agreement, neither Principal, nor Principals, Including his or her or their Immediate Family shall, during the term of the Franchise Agreement and any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Business or interest of Franchisor, Confidential Information, the System, or other information or materials which he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, Including restrictions on disclosure to employees and other third parties.

2.1 No Reverse Engineering. Principals shall not either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any Recipe, and shall not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering Includes any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.2 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all personnel to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.



2.3 Limited Use. Principals shall limit their use of the Recipes, Including, their recollection of any part of the Recipes and other parts of the Confidential Information, to the performance of their duties as described in the Franchise Agreement, the Manuals, and any policies and procedures implemented by the Franchisor and shall not use the Recipes for any personal use or gain.

3. Non-Competition; Non-Solicitation. The following covenants will be enforced during and after the term of the Franchise Agreement:

3.1 In-Term Covenant. During the term of the Franchise Agreement and for any extensions or Successor Franchises thereof, except as permitted under the Franchise Agreement, Principals and Principals' Immediate Family, shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in or assist a Competing Business, except with Franchisor's prior written consent.

3.2 Post-Term Covenant. Upon Termination of the Franchise or upon any Transfer or repurchase of Principals' rights under the Franchise Agreement or the franchise entity, or a Principal's dissociation from the Franchise Business, and for a continuous, uninterrupted period of three years thereafter, Principals, Principals' Immediate Family, shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business within the Territory or within 30 miles of the Territory or within 25 miles of the territory of any System franchise or Rodizio Grill® business operation at the time of such Termination or Transfer. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision. Principals agree that the Franchise Business attracts customers from up to 30 miles, and that such geographical restraint is not unreasonable.

4. Non-Solicitation of Customers. During the term of the Franchise Agreement and for three years after the Termination of the Franchise Agreement, Principal and each of Principal's Immediate Family shall not, directly or indirectly, contact any former or then-current customer of the Franchise Business, or any former, then-current customer of Franchisor or an affiliate of the Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer for the purpose of soliciting such customer to a Competing Business. For clarity, a "prospective customer" does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

5. Violation of Non-Competition, Non-Solicitation Provisions; Tolling of Covenants. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition and/or non-solicitation period will be tolled for the period of that Principal's violation.

6. Return of Materials. Upon the Termination of the Franchise Agreement, or Principals' disassociation from the Franchise Business, each Principal agrees to deliver to Franchisor (and shall not keep a copy in his or her possession or deliver to anyone else) the Manuals and any and all Recipes, books, Customer Data, Confidential Information, and other information or documents vendor lists, records, data, designs, photographs, notes, reports, proposals, lists, correspondence, specifications, drawings, plans, sketches, materials, equipment, and documents or property relating to the System.

7. Non-Disparagement. Principals shall not make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisor, the brand, or Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or employees, the System, products and services, or other franchisees.

8. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of Sections 1 through 7 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary,

preliminary, and/or permanent injunctive relief for any breach or threatened breach by any or all Principals of any of the terms of Section 1 through 7 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach and without the requirement of posting bond. Additionally, Principals agree that the existence of any claims Principal may have against Franchisor, whether or not arising from this Agreement or the Franchise Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

9. Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will Include the feminine and neuter and the singular will Include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action. Principals acknowledge and agree that the restrictions related to Immediate Family is necessary because a Principal's disclosing the Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement and that it would be difficult for Us to prove whether a Principal disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

10. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Utah and unless the enforcement of this Agreement is brought in connection with a Dispute under the Franchise Agreement (in which case this matter may be handled through arbitration as set forth in the Franchise Agreement), Principals agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Salt Lake County, State of Utah.

11. Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

12. Binding Agreement. This Agreement will bind each parties' respective heirs, personal representatives, successors and assigns. No rights under this Agreement are assignable by any Principal without Franchisor's written approval, and any purported assignment will be null and void and of no force or effect.

13. Survival of Covenants. All covenants made in this Agreement by Principals survive the Termination of this Agreement or the Franchise Agreement or Principal's disassociation with the Franchise Business or the System in any way.

14. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

15. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original.

16. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual

execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date below.

DATED _____.

FRANCHISOR:
PHOENIX FRANCHISE GROUP, LLC

By: _____
(Signature)
Name: _____
Title: _____

PRINCIPALS:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

[Signature Page to the Brand Protection Agreement for Principals]



**EXHIBIT “A-5”
TO THE FRANCHISE AGREEMENT**

EMPLOYEE BRAND PROTECTION AGREEMENT

This EMPLOYEE BRAND PROTECTION AGREEMENT (“Agreement”) is entered into as of _____, between _____ (“Franchisee”) and _____ (“Employee”), residing at _____.

A. Franchisee is the holder of a Rodizio Grill® franchise developed by Phoenix Franchise Group, LLC (“Franchisor”).

B. Franchisor has developed certain confidential and proprietary information for the operation of a Rodizio Grill® franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures (“Proprietary Information”).

C. Included in the Proprietary Information are confidential and proprietary mixes, batters, recipes, fillings, frostings, toppings, flavors, ingredients, sauces, syrups, spices, processes, methods, formulas, temperatures, cook times, and measurements and other information relating to the preparation of food items (collectively “Recipes”) for use in the operation of a Rodizio Grill® franchise businesses.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Rodizio Grill® franchise. Employee further acknowledges that such Proprietary Information was not known to him or her prior to the association with Franchisee or its Rodizio Grill® franchise.

2. Non-Use, Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee shall not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any portion of the Proprietary Information, including the Recipes, and agrees not to copy, transmit, recreate or otherwise reproduce all of any part of the Proprietary Information at any time.

2.1 No Reverse Engineering. Employee shall not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Proprietary Information, including the Recipes, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering will include, but not be limited to, any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

3. Duty to Notify. Employee agrees to notify Franchisor or Franchisee or Employee’s immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy or reproduce any part of the Proprietary Information. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Employee agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Employee agrees to



cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

4. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information.

5. Management and Supervisor Employees. This Section 5 will only apply if Employee is a management employee and/or acts in a supervisory role over other employees.

5.1 Non-Competition. Employee shall not, during the course of his or her employment by Franchisee, and for one year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in, or become and owner, officer, director, shareholder, partner, associate, employee (management-level or higher), contractor, agent, representative or consultant in a Brazilian steakhouse business. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within a 15-mile radius of Franchisee's place of business or any Rodizio Grill® business in operation at the time of Employee's termination of employment. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

6. Non-Solicitation of Customers. Employee shall not, during the course of his or her employment and for two years thereafter, directly or indirectly, contact any customer or former customer of Franchisee for the purpose of soliciting such customers to be a customer of a business that is the same as or similar to a Rodizio Grill® business.

7. Non-Disparagement. Employee shall not make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisee and/or Franchisor (including their respective owners, officers, and employees), or the Rodizio Grill® brand.

8. Irreparable Harm. In addition to other remedies available to Franchisee and/or Franchisor, in the event Employee violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Employee's violation. Additionally, Employee hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 7 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee and/or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 7 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond. The existence of a claim against Franchisee or Franchisor will not constitute a defense to enforce the covenants of this Agreement.

9. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchisee, or the Rodizio Grill® system, or to any area of research and development related to the operation of the business, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Employee hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

10. **Enforceability.** If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.
11. **Survival of Covenants.** All covenants made in this Agreement by Employee survive the termination of Employee's employment with Franchisee or the expiration, transfer, or termination of this Agreement.
12. **Modification of Agreement.** This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.
13. **Attorneys' Fees.** In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.
14. **Counterpart Signatures.** This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.
15. **Third-party Beneficiary.** It is agreed and acknowledged that Phoenix Franchise Group, LLC and The Phoenix Restaurant Group, LLC are third-party beneficiaries to this Agreement.
16. **Prior Disclosures.** Employee acknowledges and agrees that prior to the execution of this Agreement, Employee may have received information Franchisee, Franchisor and/or their representatives, and that any such Proprietary Information obtained or received is subject to the protection and restrictions of this Agreement.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE (if a minor, see next page):

By: _____

Name: _____

Title: _____

Date: _____

Age: _____

[Signature Page Continues on Next Page if Employee is Under the Age of 18]

For persons under 18 years of age, a parent or legal guardian must sign and complete the following section.

I, _____ (Parent/Guardian), the undersigned and the parent and natural guardian of _____ (minor's name), hereby acknowledge that I have executed the foregoing Employee Brand Protection Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Employee Brand Protection Agreement.

DATED _____.

Signature of Parent/Guardian: _____

Name of Parent/Guardian: _____

Address: _____

Phone: _____

[Continuation of Employee Brand Protection Agreement Signature Page]

**EXHIBIT “A-6”
TO THE
FRANCHISE AGREEMENT**

LANDLORD’S CONSENT TO ASSIGNMENT

_____ (“Landlord”) hereby consents to an Assignment of the lease agreement (“Lease Agreement”) to Phoenix Franchise Group, LLC (“Franchisor”) for the purpose of securing the obligations of _____ (“Lessee” and Franchisor’s franchisee) to Franchisor. In the event of Lessee’s breach of the Lease Agreement, the Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement. Further, Landlord agrees it will not take any action to terminate said Lease Agreement without first giving the Franchisor an opportunity, but not the obligation, to cure said breach for an additional 10 days beyond the applicable cure period granted to the Lessee under the Lease Agreement.

Landlord agrees to provide Franchisor with all information relating to amounts owing, settlement agreements, and all matters related to the Lease Agreement within five days of written request from Franchisor.

Landlord agrees that if Tenant does not timely cure a default under the Lease Agreements or the Lease Agreement or franchise agreement is terminated, Franchisor will have the right, but not the obligation, for 45 days after termination of the Lease Agreement of franchise agreement, to take possession of the premises, and to assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises, Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Lessor will look to Lessee for all obligations under the Lease Agreement. Landlord agrees to include the attached rider (attached as Schedule 1 to this Exhibit “A-6”) to the Lease Agreement.

Notices to Franchisor will be sent to: Phoenix Franchise Group, LLC, 9829 South 1300 East, Ste 302, Sandy, Utah 84094.

Landlord’s Contact Information:

LANDLORD:

Contact Person: _____

By: _____

Mailing Address: _____

Title: _____

Email: _____

Name: _____

Phone: _____

Date: _____

SCHEDULE 1 TO EXHIBIT “A-6”

LEASE RIDER TERMS

Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows (capitalized terms not defined herein having the meanings set forth in the Franchise Agreement between Tenant and Phoenix Franchise Group, LLC (“Franchisor”), Tenant’s franchisor):

1. The initial term of the lease, or initial term together with renewal terms, will be for not less than 10 years.
2. Landlord consents to Tenant’s use and display of the Rodizio Grill® Marks and signage as Franchisor may require from time to time for the Franchised Business, subject only to the provisions of applicable law. Landlord shall also provide Tenant and Tenant’s customers with a non-exclusive, mutual cross access easement for purposes of vehicular and pedestrian ingress and egress to access Tenant’s Franchise Business.
3. Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Tenant may deem desirable, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.
4. The Premises will be used solely for the operation of a Rodizio Grill® restaurant which operates using the Rodizio Grill® Marks and System while the Franchise Agreement is in effect and Tenant is in lawful possession of the Premises.
5. Landlord acknowledges that, in the event the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Rodizio Grill® restaurant; and (b) Landlord shall cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement, including allowing Franchisor, its employees and agents to enter and remove signs, décor, and materials bearing or displaying any Marks, designs, or logos, provided that Landlord will not be required to bear any expense thereof.
6. If Franchisor so requests, Landlord shall provide Franchisor with all sales and other information that Landlord may have related to the operation of the Franchised Business.
7. Tenant is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other Rodizio Grill® restaurants by Tenant, Franchisor, or any other person or entity.
8. Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant’s occupancy rights thereunder without Franchisor’s prior written consent.
9. Landlord’s consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting to Franchisor, or any parent, subsidiary or affiliate of Franchisor or Tenant, or another operator that Franchisor has approved to be the franchisee and operate at the Premises.
10. Landlord shall not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a Brazilian-style steakhouse restaurant. Additionally, Landlord shall not sell and shall prohibit any other tenant or subtenant in the building, or on the property, from engaging in activities predominantly related to the offer and sale of products and services similar to those offered by a Rodizio Grill® restaurant. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.



11. Landlord shall, upon reasonable request from Tenant's lender, subordinate any interests it may have in Tenant's equipment or other leasehold improvements to Tenant's lender's interests.

12. No amendment may be made to the lease without Franchisor's prior written consent (which Franchisor will not unreasonably withhold or delay) and Franchisor may elect not to be bound by the terms of any amendment to the lease executed without obtaining Franchisor's prior written approval to such amendment.

IN WITNESS WHEREOF, the parties have executed this Lease Rider effective as of the date of the Lease Agreement.

LANDLORD:

TENANT:

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

**EXHIBIT “A-7”
TO THE FRANCHISE AGREEMENT**

ACH AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____

I hereby authorize Phoenix Franchise Group, LLC hereinafter called (“Company”), to initiate debit entries to my checking account or savings account as indicated below at the depository financial institution named below, hereinafter called (“Depository”), and to debit the same to such account. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

Phone: _____

City: _____ State: _____ Zip Code: _____

Routing Number: _____ Account Number: _____

Type of Account: Checking/Savings: _____

This authorization is to remain in full force and effect until the Company has received written notification from me of its termination in such time and in such manner as to afford the Company and Depository a reasonable opportunity to act on it.

Name: _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

**EXHIBIT “A-8”
TO THE FRANCHISE AGREEMENT
SITE LOCATION AGREEMENT**

THIS SITE LOCATION AGREEMENT (“Agreement”) is made and entered into on _____, by and between PHOENIX FRANCHISE GROUP, LLC (“We,” “Us” or “Our”) and _____ (“You” or “Your” and at times “Franchisee”). Capitalized terms used herein will have the meaning set forth in the Franchise Agreement, unless otherwise defined herein.

RECITALS:

WHEREAS You have entered into a Franchise Agreement with Us of even date herewith (“Franchise Agreement”); and

WHEREAS You have not found a location for Your Franchise Business.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

1. Section 4.1 of the Franchise Agreement is amended, in part, to provide, You will have ____ months from the date hereof to identify the proposed location of Your Rodizio Grill® Franchise Business.
2. Upon Our written approval, the location of Your Franchise Business will be entered as an amendment and attached as an addendum to Your Franchise Agreement and Your Territory will be identified as part of Your Franchise Agreement and by reference made a part thereof. Your Franchise Business must be opened within ____ months after We have approved the location of Your Franchise Business.
3. You hereby ratify and affirm your Franchise Agreement and except as modified herein, all other terms and conditions of the Franchise Agreement will remain in full force and effect as currently set forth therein.

IN WITNESS WHEREOF, and by their signatures below, the parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date first above written.

FRANCHISOR:
PHOENIX FRANCHISE GROUP, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____



**EXHIBIT “A-9”
TO THE FRANCHISE AGREEMENT**

AUTHORIZATION AGREEMENT FOR RELEASE OF INFORMATION

Date of the Franchise Agreement: _____

Term of the Franchise Agreement: _____ (years)

Franchisee Entity Name: _____ (“Franchisee”)

EIN: _____

Franchisee hereby authorizes Phoenix Franchise Group, LLC or its agents and assigns (collectively the “Company”), to obtain specific information related to the Franchisee’s Rodizio Grill® franchise business from the Franchisee’s landlord; the applicable taxing commissions for sales tax purposes, withholding tax, and other information required to be disclosed in the Franchise Agreement; the Franchisee’s accountant; and third-party vendors and other applicable parties. This authorization includes the release of copies of all documents requested by the Company, including, without limitation, payments, receipts, and contracts. Franchisee agrees to cooperate with and assist the Company in obtaining release of information from the above stated parties.

Franchisee hereby acknowledges that the following contact information for the following parties is accurate to the best of Franchisee’s knowledge:

Landlord (name, phone number, email, mailing address): _____

Accountant/CPA (name, phone number, email, mailing address): _____

This Authorization is to remain in full force and effect during the term of the Franchise Agreement and for a minimum of six months thereafter. After such time, Franchisee must give the Company 30-days’ prior written notice to terminate this Authorization. This Authorization is not an authorization for the Company to negotiate on Franchisee’s behalf but is for informational purposes only. In no way does this Authorization make the Company Franchisee’s agent or liable for any debts owed to any party. If this Authorization is not acceptable to any third-party, Franchisee understands that it will, in a timely manner, authorize the Company to obtain the authorization and release of information on the form required by the third-party.

Franchisee: _____

Name: _____
(please print)

Title: _____

Signature: _____ Date: _____

**EXHIBIT “A-10”
TO THE FRANCHISE AGREEMENT**

DIGITAL SOCIAL MEDIA, AND LISTINGS AUTHORIZATION FOR ASSIGNMENT

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION (“Assignment”) is made and entered into as of the Effective Date (defined below), by and between the undersigned (“Franchisee”) and Phoenix Franchise Group, LLC (“Franchisor”).

RECITALS

WHEREAS, Franchisee has entered into a Rodizio Grill® franchise agreement with (“Franchise Agreement”); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the Rodizio Grill® trademarks, trade names, trade dress, and other associated intellectual property (collectively, the “Marks”) in conjunction with Franchisee’s Rodizio Grill® Franchise Business; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

1. Franchisee hereby assigns all rights and interest, Including all associated goodwill, in the Social Media and other digital media accounts used in the Rodizio Grill® Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, Including, Franchisee’s Facebook, Instagram, Tik-Tok, Pinterest, Twitter, LinkedIn, Google listings, Tumblr accounts, email accounts, and the like (collectively the “Social Media Accounts”). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, Including providing all passwords and administrative access to such Social Media Accounts.
2. Franchisee hereby assigns and transfers (or in Franchisor’s sole discretion disconnects) the telephone listings, telephone numbers, Including the telephone number(s) listed on Marketing and Social Media Accounts, URL’s, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (individually a “Listing” and collectively the “Listings”).
3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:
 - a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
 - b. Franchisee shall not, after Termination of the Franchise Agreement attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.
 - c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts and/or Listings.
 - d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Social Media Accounts and/or



Listings to Franchisor hereunder whether during the term or after the Termination of the Franchise Agreement.

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Social Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Account and/or Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Social Media Accounts and Listings to Franchisor hereunder.
5. This Assignment applies to all Social Media Accounts and Listings regardless of whether Franchisee is allowed to manage under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.
6. Franchisor hereby appoints Franchisor as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.
7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.
8. This Assignment is governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions.
9. This Assignment may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISOR:

Phoenix Franchise Group, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

**EXHIBIT “A-11”
TO THE FRANCHISE AGREEMENT**

FRANCHISEE REPORT

We will not ask You to complete the Franchise Report, and We will disregard any answers from You, if You live or plan to operate Your Franchise Business in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

Please review each of the following questions carefully and provide honest responses to each question.

1. If You have received any oral, written, visual or other claim, guarantee or representation of any sort by Us which stated or suggested any specific level or range of actual or potential sales, income, expenses, profits, cash flow, by any person or entity, except for information (if any) expressly set forth in Item 19 of the Franchisor’s Disclosure Document (or an exhibit referred to therein), please describe what You received and if known, from whom You received the information. If none, please write “none.”

2. If You have received any information or representations inconsistent with the statements in the FDD or Franchise Agreement, please list those below. If none, please write “none.”

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

**EXHIBIT “A-12”
TO THE FRANCHISE AGREEMENT
STATE ADDENDA**



ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
2. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
3. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
4. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
6. The franchise agreement requires application of the laws of Utah, but the California franchise laws may prevail in some instances. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.
7. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043). Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Investment law and the California Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.
8. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.
9. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
 - (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
 - (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
 - (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
 - (d) Violations of any provision of this division.



10. Franchisees owning 20% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.
11. Late Fees in Exhibit "A-3" is amended to include the following: "The highest interest rate allowed in California is 10% annually."
12. Paragraph 4.1 is amended to remove the following language, "Although We must approve of Your site, We do not warrant or guarantee the success of the site."
13. Paragraph 20.10 is amended to remove the following language, "You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us."
14. Paragraphs 20.14 and 20.18 are not enforceable in the state of California.
15. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

Franchisee (Signature)

EXHIBIT “B”
TO THE FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

Audited Financials for the years ending:

December 31, 2023
December 31, 2022
December 31, 2021

Unaudited Interim Financials:

Dated March 6, 2024



PHOENIX FRANCHISE GROUP, LLC
Financial Statements

December 31, 2023 and 2022
with Report of Independent Auditors

Traveller &

Company, LLC
Certified Public Accountants
500 North Marketplace Drive, Suite 270
Centerville, Utah 84014

Phoenix Franchise Group, LLC
Financial Statements
December 31, 2023 and 2022

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Report of Independent Auditors

To the Members of
Phoenix Franchise Group, LLC

We have audited the accompanying financial statements of Phoenix Franchise Group, LLC (the “Company”) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and changes in members’ equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Phoenix Franchise Group, 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 Phoenix Franchise Group, LLC’s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Phoenix Franchise Group, 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 Phoenix Franchise Group, 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.

A handwritten signature in black ink that reads "Traveller & Company, LLC". The script is cursive and fluid, with the letters connected.

Traveller & Company, LLC
February 20, 2024

Phoenix Franchise Group, LLC

Balance Sheets

December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 981,986	\$ 517,961
Accounts receivable	141,670	122,305
Prepaid expenses	3,054	—
Inventory	52,299	73,677
Notes receivable - related parties	84,825	2,733,584
Contract receivable - related party - current portion	—	302,199
Total current assets	1,263,834	3,749,726
Total assets	\$ 1,263,834	\$ 3,749,726
Liabilities and members' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 313,305	\$ 398,351
Deferred trade liability	437,027	425,678
Deferred franchise fees	131,000	82,000
Deferred revenues - related party - current portion	—	47,047
Total current liabilities	881,332	953,076
Members' equity - no par value; 9,700 units authorized and issued	382,502	2,796,650
Total liabilities and members' equity	\$ 1,263,834	\$ 3,749,726

See accompanying notes to financial statements.

Phoenix Franchise Group, LLC
Statements of Income and Changes in Members' Equity
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Income:		
Franchise fees	\$ 1,000	\$ 56,000
Royalties	1,512,283	1,411,616
Marketing fee income	595,742	527,038
Other operating income	<u>121,803</u>	<u>131,518</u>
Total income	2,230,828	2,126,172
General and administrative expenses	<u>1,508,889</u>	<u>1,285,613</u>
Income from operations	721,939	840,559
Other income:		
Interest income	59,255	15,864
Other, net	<u>20,574</u>	<u>8,099</u>
Total other income	<u>79,829</u>	<u>23,963</u>
Net income	801,768	864,522
Members' equity - beginning of year	2,796,650	2,117,128
Distributions	<u>(3,215,916)</u>	<u>(185,000)</u>
Members' equity - end of year	<u>\$ 382,502</u>	<u>\$ 2,796,650</u>

See accompanying notes to financial statements.

Phoenix Franchise Group, LLC
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Net income	\$ 801,768	\$ 864,522
Changes in assets and liabilities:		
Accounts receivable	(19,365)	(51,844)
Prepaid expenses	(3,054)	—
Inventory	21,378	(33,499)
Notes receivable - related parties	2,648,759	(531,943)
Accounts payable	(85,046)	84,014
Deferred trade liability	11,349	(14,423)
Deferred franchise fees	49,000	(6,000)
Accrued interest	—	(7,241)
Deferred revenues	(47,047)	(3,763)
	<u>3,377,742</u>	<u>299,823</u>
Net cash provided by operating activities	3,377,742	299,823
Financing activities		
Proceeds from contracts receivable	302,199	5,387
Payments on SBA loan	—	(150,000)
Members' distributions	(3,215,916)	(185,000)
	<u>(2,913,717)</u>	<u>(329,613)</u>
Net cash used in financing activities	(2,913,717)	(329,613)
Net increase (decrease) in cash and cash equivalents	464,025	(29,790)
Cash and cash equivalents, at beginning of year	517,961	547,751
Cash and cash equivalents, at end of year	<u>\$ 981,986</u>	<u>\$ 517,961</u>
Supplemental disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ —	\$ 8,526

See accompanying notes to financial statements.

Phoenix Franchise Group, LLC
Notes to Financial Statements
December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

Organization and Business Description

Phoenix Franchise Group, LLC (a limited liability company) (the “Company”) was formed to develop and engage in all phases of the business of franchising, marketing, and/or owning restaurants and restaurant facilities. Its intent is to sell and support restaurant franchises. The Company was organized on May 26, 2006 and has a life of 50 years. The Company is authorized to issue 9,700 Class A voting units to its members.

Franchise Revenue

The Company collects an initial franchise fee, payable when a franchise agreement is signed. The fee covers costs associated with setting up and opening the restaurant. The amount is recorded as deferred income until the restaurant is open. Once the restaurant is operating, the initial fee is recognized as income. The Company may also receive income for consulting assistance and that income is recognized when the services are performed.

Every ten years, franchisees pay a renewal fee that allows the franchisee to continue operations for an additional ten years. This fee is amortized over the life of the renewal agreement.

The Company also receives royalty and marketing income, based on weekly sales at each restaurant. These amounts are collected and recognized as income each week.

Cash and Cash Equivalents

The Company considers all liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. Accounts receivable are charged off after all reasonable collection efforts have been made. Accounts receivable are deemed to be past due when payments are more than 30 days late.

Phoenix Franchise Group, LLC

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Inventory

Inventory represents supplies and uniforms purchased by the Company. These items are distributed to the franchisees as needed and are stated at the lower of cost or market using the first-in, first-out (FIFO) method, or market.

Subsequent Events

Management of the Company has evaluated any subsequent events that may require disclosure in these financial statements through February 20, 2024, the date of financial statement issuance.

2. Inventory

Inventory consisted of the following at December 31:

	2023	2022
Supplies	\$ 25,714	\$ 26,318
Uniforms	26,585	47,359
	<u>\$ 52,299</u>	<u>\$ 73,677</u>

Phoenix Franchise Group, LLC
Notes to Financial Statements

3. Deferred Trade Liability

The Company may record certain expenses, such as advertising or repairs and maintenance, as a trade liability with unrelated parties. Credits are given for services provided and expensed to the appropriate account. When the credits are redeemed at restaurants owned by affiliates of the Company, the Company reimburses the affiliate 50% of the value of the items consumed and reduces the deferred trade liability.

Deferred trade liability consisted of the following at December 31:

	2023	2022
New credits issued for services provided	\$ 92,400	\$ 68,689
Less credits redeemed	(3,875)	(7,957)
Write-down of unused credits	(77,176)	(75,155)
	11,349	(14,423)
Balance at beginning of year	425,678	440,101
Balance at end of year	\$ 437,027	\$ 425,678

4. Deferred Franchise Fees and Franchise Fee Income

The following table presents the activity in the deferred franchise fee account and the franchise fee income account for the years ended December 31:

	2023	2022
Deferred Franchise Fees:		
Balance at beginning of year	\$ 82,000	\$ 88,000
New franchise agreements	50,000	35,000
Franchisee transfer fee	–	15,000
Renewal fees recognized	(1,000)	(1,000)
Franchise fee income recognized	–	(55,000)
Balance at end of year	\$ 131,000	\$ 82,000

In addition to the initial franchise fees, the Franchisees are required to pay royalties ranging from 3.75% to 6% of sales and advertising/marketing fees of 1% of sales.

During the years ended December 31, 2023 and 2022, the Company received fees associated with new franchising agreements in the amounts of \$50,000 and \$35,000, respectively. These amounts are included in deferred franchise fees on the accompanying financial statements. Additionally, during 2022, the Company received a transfer fee of \$15,000. Franchise fee income recognized during the years ended December 31, 2023 and 2022, were \$1,000 and \$56,000, respectively.

Phoenix Franchise Group, LLC

Notes to Financial Statements

5. SBA Loan Payable

In May 2020, the Company was granted a loan (the “Loan”) from the Small Business Administration (the “SBA”) in the amount of \$150,000, pursuant to the SBA Economic Injury Disaster Loans (the “EIDL”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The EIDL is to be repaid over 30 years at a 3.75% interest rate beginning in May 2022. In addition, an advance of \$1,000 was granted to the Company in April 2020 and does not need to be repaid. The loan and accrued interest were paid in full during 2022.

6. Related Party Transactions

The Company sold all its fixed assets to a related party. Payments were received by the Company over five years, with a balloon payment at the end of the agreement in January 2023. Additionally, deferred revenue on the sale of the fixed assets was recognized over the term of the agreement through January 2023.

At December 31, 2023 and 2022, the Company had interest free advances to related parties totaling \$84,825 and \$2,733,584, respectively. These amounts are included in notes receivable – related party on the accompanying financial statements.

During the years ended December 31, 2023 and 2022, the Company paid royalties to a related party totaling \$45,344 and \$42,348, respectively. These amounts are included in the general and administrative expenses on the accompanying financial statements.

During the years ended December 31, 2023 and 2022, the Company paid consulting fees of \$67,019 and \$74,138, respectively, to a related party. These amounts are included in general and administrative expenses on the accompanying income statement.

During the years ended December 31, 2023 and 2022, an affiliate of the Company provided operational support and office assistance to the Company totaling \$565,963 and \$421,037, respectively, under a related-party agreement. Additionally, the Company paid \$13,764 and \$259,976, respectively, for the years ended December 31, 2023 and 2022, to the same affiliate for marketing support. These amounts are included in the general and administrative expenses on the accompanying financial statements.

Phoenix Franchise Group, LLC
Notes to Financial Statements

7. Advertising and Promotion

During the years ended December 31, 2023 and 2022, the Company incurred advertising expenses of \$268,045 and \$431,976, respectively. Advertising costs are expensed as incurred and are included in the general and administrative expenses on the accompanying financial statements.

8. Commitments

At December 31, 2023 and 2022, the Company had outstanding commitments of \$91,595 and \$104,000, respectively, for advertising, and \$14,000 each year for website hosting. All amounts are due in the following year.

At December 31, 2022, the Company guaranteed a \$400,000 line-of-credit of a related party. The outstanding balance at December 31, 2022 was \$0 and the Company no longer guarantees this line-of-credit.

PHOENIX FRANCHISE GROUP, LLC
Financial Statements

December 31, 2021 and 2020
with Report of Independent Auditors

Traveller &

Company, LLC
Certified Public Accountants
500 North Marketplace Drive, Suite 202
Centerville, Utah 84014

Phoenix Franchise Group, LLC
Financial Statements
December 31, 2021 and 2020

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Report of Independent Auditors

To the Members of
Phoenix Franchise Group, LLC

We have audited the accompanying financial statements of Phoenix Franchise Group, LLC (the “Company”) which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and changes in members’ equity, and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phoenix Franchise Group, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Phoenix Franchise Group, 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 Phoenix Franchise Group, LLC’s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Phoenix Franchise Group, 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 Phoenix Franchise Group, 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.

Traveller & Company, LLC

March 1, 2022

Phoenix Franchise Group, LLC
Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 547,751	\$ 223,815
Accounts receivable	70,461	46,088
Inventory	40,178	42,263
Notes receivable - related parties	2,201,641	2,105,057
Contract receivable - related party - current portion	5,884	5,597
Total current assets	2,865,915	2,422,820
Contract receivable - related party	301,702	307,586
Total assets	\$ 3,167,617	\$ 2,730,406
Liabilities and members' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 314,337	\$ 334,222
Deferred trade liability	440,101	530,978
Deferred franchise fees	88,000	4,000
Accrued interest	7,241	3,575
SBA loan payable - current portion	1,832	1,989
Deferred revenues - related party - current portion	1,882	1,882
Total current liabilities	853,393	876,646
Long-term liabilities:		
SBA loan payable	148,168	148,011
Deferred revenue - related party	48,928	50,810
Total long-term liabilities	197,096	198,821
Commitments and contingencies	—	—
Members' equity - no par value; 9,700 units authorized and issued	2,117,128	1,654,939
Total liabilities and members' equity	\$ 3,167,617	\$ 2,730,406

See accompanying notes to financial statements.

Phoenix Franchise Group, LLC
Statements of Income and Changes in Members' Equity
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Income:		
Franchise fees	\$ 41,000	\$ 500
Royalties	1,196,580	747,020
Marketing fee income	428,254	233,047
Other operating income	180,340	5,156
	<hr/>	<hr/>
Total income	1,846,174	985,723
General and administrative expenses	1,243,640	971,979
	<hr/>	<hr/>
Income from operations	602,534	13,744
Other income:		
Interest income	15,532	15,804
Other, net	(4,873)	33,732
	<hr/>	<hr/>
Total other income	10,659	49,536
	<hr/>	<hr/>
Net income	613,193	63,280
Members' equity - beginning of year	1,654,939	1,591,659
Distributions	(151,004)	—
	<hr/>	<hr/>
Members' equity - end of year	\$ 2,117,128	\$ 1,654,939
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

Phoenix Franchise Group, LLC
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Operating activities		
Net income	\$ 613,193	\$ 63,280
Changes in assets and liabilities:		
Accounts receivable	(24,373)	89,930
Inventory	2,085	7,869
Notes receivable - related parties	(96,584)	(436,344)
Accounts payable	(19,885)	62,930
Accrued interest	3,666	3,575
Deferred trade liability	(90,877)	12,634
Deferred franchise fees	84,000	(35,500)
Deferred revenues	(1,882)	(1,882)
Net cash provided by (used in) operating activities	469,343	(233,508)
Financing activities		
Proceeds from contracts receivable	5,597	5,325
Debt issuance - SBA loan	—	150,000
Members' distributions	(151,004)	—
Net cash provided by (used in) financing activities	(145,407)	155,325
Net increase (decrease) in cash and cash equivalents	323,936	(78,183)
Cash and cash equivalents, at beginning of year	223,815	301,998
Cash and cash equivalents, at end of year	\$ 547,751	\$ 223,815
Supplemental disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 2,193	\$ —

See accompanying notes to financial statements.

Phoenix Franchise Group, LLC
Notes to Financial Statements
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Organization and Business Description

Phoenix Franchise Group, LLC (a limited liability company) (the “Company”) was formed to develop and engage in all phases of the business of franchising, marketing, and/or owning restaurants and restaurant facilities. Its intent is to sell and support restaurant franchises. The Company was organized on May 26, 2006 and has a life of 50 years. The Company is authorized to issue 9,700 Class A voting units to its members.

Franchise Revenue

The Company collects an initial franchise fee, payable when a franchise agreement is signed. The fee covers costs associated with setting up and opening the restaurant. The amount is recorded as deferred income until the restaurant is open. Once the restaurant is operating, the initial fee is recognized as income. The Company may also receive income for consulting assistance and that income is recognized when the services are performed.

Every ten years, franchisees pay a renewal fee that allows the franchisee to continue operations for an additional ten years. This fee is amortized over the life of the renewal agreement.

The Company also receives royalty and marketing income, based on weekly sales at each restaurant. These amounts are collected and recognized as income each week.

Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC Topic 842)*. This new standard established a right-of-use (“ROU”) model that requires a lessee to recognize assets and liabilities on the balance sheet for all leases with lease terms greater than 12 months. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2001, and early adoption is permitted. Accordingly, ASU 2016-92 is effective for the Company’s year ending December 31, 2022, using a modified retrospective approach. Management is determining the impact of the pronouncement at this time

Phoenix Franchise Group, LLC

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers all liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. Uncollectible loans and accounts receivable are charged off after all reasonable collection efforts have been made. Accounts receivable are deemed to be past due when payments are more than 30 days late.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Inventory

Inventory represents supplies and uniforms purchased by the Company. These items are distributed to the franchisees as needed and are stated at the lower of cost or market using the first-in, first-out (FIFO) method, or market.

Phoenix Franchise Group, LLC

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Commitments and Contingencies

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China and the World Health Organization has since declared this to be a pandemic. This pandemic has had a significant impact on the Company's markets and customers, which in turn have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows. All locations were closed in March of 2020 and royalty and marketing fees were waived for two weeks following each location's reopening in May and June of 2020. The restaurant in Nashville, Tennessee location was significantly damaged by a bombing in December 2020 and has not reopened. The restaurant in Annapolis, Maryland was closed again during the fourth quarter of 2020, but reopened in April 2021. As of the report date, Company management is of the opinion that the Company will successfully manage through the effects of these evolving situations.

Subsequent Events

Management of the Company has evaluated any subsequent events that may require disclosure in these financial statements through March 1, 2022, the date of financial statement issuance.

2. Inventory

Inventory consisted of the following at December 31:

	2021	2020
Supplies	\$ 22,085	\$ 22,841
Uniforms	18,093	19,422
	<u>\$ 40,178</u>	<u>\$ 42,263</u>

3. Other Income

For the years ended December 31, 2021 and 2020, other income includes the recognition of deferred revenues associated with the sale of Company assets during 2018. Refer to Note 7.

Phoenix Franchise Group, LLC
Notes to Financial Statements

4. Deferred Trade Liability

The Company may record certain expenses, such as advertising or repairs and maintenance, as a trade liability with unrelated parties. Credits are given for services provided and expensed to the appropriate account. When the credits are redeemed at restaurants owned by affiliates of the Company, the Company reimburses the affiliate 50% of the value of the items consumed and reduces the deferred trade liability.

Deferred trade liability consisted of the following at December 31:

	2021	2020
New credits issued for services provided	\$ 22,653	\$ 41,697
Less credits redeemed	(3,503)	(29,063)
Write-down of unused credits	(110,027)	—
	(90,877)	12,634
Balance at beginning of year	530,978	518,344
	<u>\$ 440,101</u>	<u>\$ 530,978</u>

5. Deferred Franchise Fees and Franchise Fee Income

The following table presents the activity in the deferred franchise fee account and the franchise fee income account for the years ended December 31:

	2021	2020
Deferred Franchise Fees:		
Beginning balance	\$ 4,000	\$ 39,500
New franchise agreements	120,000	—
Successor franchisee fee	5,000	—
Franchise fee forfeited	—	(35,000)
Franchise fee income recognized	(41,000)	(500)
	<u>\$ 88,000</u>	<u>\$ 4,000</u>

	2021	2020
Number of locations in operation at December 31	14	14
Locations opened during year	0	0
Locations closed during year	0	3
New franchise agreements during year	1	1
Franchises agreements in progress	2	1

In addition to the initial franchise fees, the Franchisees are required to pay royalties ranging from 3.75% to 6% of sales and advertising/marketing fees of 1% of sales.

Phoenix Franchise Group, LLC
Notes to Financial Statements

5. Deferred Franchise Fees and Franchise Fee Income (continued)

As of December 31, 2021, the Company had two franchisees that paid a successor franchise fee of \$5,000. This amount is included in deferred franchise fees and will be amortized over 10 years, the term of the additional agreement.

During the year ended December 31, 2020, the Company recognized deferred revenue in the amount of \$35,000 from a pending franchise agreement that was forfeited because the terms of the contract were not fulfilled.

6. SBA Loan Payable

In May 2020, the Company was granted a loan (the “Loan”) from the Small Business Administration (the “SBA”) in the amount of \$150,000, pursuant to the SBA Economic Injury Disaster Loans (the “EIDL”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The EIDL is to be repaid over 30 years at a 3.75% interest rate beginning in May 2022. In addition, an advance of \$1,000 was granted to the Company in April 2020 and does not need to be repaid. This amount is included in other income on the accompanying financial statements for the year ended December 31, 2020.

Future minimum principal payments remaining are as follows:

<u>Year ending December 31:</u>	
2022	\$ 1,832
2023	2,835
2024	2,943
2025	3,056
2026	3,172
Thereafter	136,162
	<u>\$ 150,000</u>

7. Related Party Transactions

The Company sold all its fixed assets to a related party. Payments will be received by the Company over five years, with a balloon payment at the end of the agreement in January 2023. Future payments to be received are as follows:

<u>Year ending December 31:</u>	
2022	\$ 5,884
2023	301,702
Thereafter	—
	<u>\$ 307,586</u>

Phoenix Franchise Group, LLC
Notes to Financial Statements

7. Related Party Transactions (continued)

Deferred revenue on the sale of the fixed assets will be recognized over the term of the agreement, as follow:

Year ending December 31:

2022	\$ 1,882
2023	48,928
Thereafter	—
	<u>\$ 50,810</u>

At December 31, 2021 and 2020, the Company had receivables due from a related party totaling \$984 and \$112, respectively. Additionally, at December 31, 2021 and 2020, the Company had payables to a related party totaling \$0 and \$107,344, respectively. These amounts are included in accounts receivable and accounts payable on the accompanying financial statements.

At December 31, 2021 and 2020, the Company had interest free advances to related parties totaling \$2,201,641 and \$2,105,057, respectively. These amounts are included in notes receivable – related party on the accompanying financial statements.

During the years ended December 31, 2021 and 2020, the Company paid royalties to a related party totaling \$58,308 and \$0, respectively. These amounts are included in the general and administrative expenses on the accompanying financial statements.

During the years ended December 31, 2021 and 2020, the Company paid consulting fees of \$167,533 and \$73,211, respectively, to a related party. These amounts are included in general and administrative expenses on the accompanying income statement.

During the years ended December 31, 2021 and 2020, an affiliate of the Company provided operational support and office assistance to the Company totaling \$343,717 and \$344,045, respectively, under a related-party agreement. Additionally, the Company paid \$237,276 for each year ended December 31, 2021 and 2020, to the same affiliate for marketing support. These amounts are included in the general and administrative expenses on the accompanying financial statements.

8. Advertising and Promotion

During the years ended December 31, 2021 and 2020, the Company incurred advertising expenses of \$312,794 and \$329,539, respectively. Advertising costs are expensed as incurred and are included in the general and administrative expenses on the accompanying financial statements.

Phoenix Franchise Group, LLC
Notes to Financial Statements

9. Commitments

At December 31, 2021 and 2020, the Company had outstanding commitments of \$93,600 and \$25,800 for advertising, and \$13,000 and \$15,360 for web-site hosting, respectively. All amounts are due in the following year.

At December 31, 2021 and 2020, the Company guaranteed a \$400,000 line-of-credit of a related party. The outstanding balances at December 31, 2021 and 2020, were \$5,405 and \$400,012, respectively.



March 14, 2024

Dear Sirs/Madam

Below you will find the Phoenix Franchise Group financials from 01/01/2024 to 03/06/2023.

Balance Sheet

Phoenix Franchise Group, LLC

	YTD
ASSETS	
Current Asset	
Total Cash	1,166,547
Total Inventory	51,046
Total Prepaid	3,034
1400 - Undeposited Funds	45,982
Total Accounts Receivable	83,642
Total Loan Receivable	84,825
Total Current Asset	1,435,075
Fixed Asset	
Total Fixed Asset	0
Intangible Assets	
Total Intangible Assets	0
Total ASSETS	1,435,075
LIABILITIES & EQUITY	
Liabilities	
Current Liability	
2000 - Accounts Payable	94,029
Total Income Deferred	886,741
Total No Income Deferred	44,795
Total Current Liability	1,025,565
Long Term Liability	
Total Loan Payable	6,861
Total Long Term Liability	6,861
Total Liabilities	1,032,426
Equity	
Equity	
Total DLK VENTURES	122,167
Total BR-US IRREV.TRUST	-592,182
Total Eduardo Goulart	48,867
3900 - Retained Earnings	803,650
YTD Income	20,147
Total Equity	402,649
Total Equity	402,649
Total LIABILITIES & EQUITY	1,435,075

Phoenix Franchise Group LLC

9829 So 1300 E, Suite 302, Sandy -UT 84094 | Ph.: (801) 567-0500 Fax: (801) 567-0501

Profit & Loss

Legal Entity: Phoenix Franchise Group, LLC

Actual

Income	↕		
4005 - Franchise Start Up Fee	↕	-4,000	-1.0 %
4008 - Royalty Income	↕	275,093	72.0 %
4010 - MKT Fee Income	↕	110,872	29.0 %
Total Income	↕	381,965	100.0 %
Direct Cost	↕		
6000 - Labor	↕	82,300	21.5 %
Total Direct Cost	↕	82,300	21.5 %
Expenses	↕		
7100 - Administrative	↕	180,477	47.3 %
7200 - Operating	↕	26,771	7.0 %
7280 - Start Up Expenses	↕	7,500	2.0 %
7300 - Marketing	↕	61,433	16.1 %
Total Expenses	↕	276,181	72.3 %
Expenses	↕		
7500 - Occupancy	↕	6,400	1.7 %
7600 - Insurance	↕	25	0.0 %
Total Expenses	↕	6,425	1.7 %
Other Income	↕		
8022 - Interest Income	↕	-855	-0.2 %
8032 - Vendor Rebate	↕	-2,233	-0.6 %
Total Other Income	↕	-3,088	-0.8 %
Net Profit	↕	20,147	5.3 %

Powered by Restaurant365

Leandro De Paula



Phoenix Franchise Group, LLC

Phoenix Franchise Group LLC

9829 So 1300 E, Suite 302, Sandy -UT 84094 | Ph.: (801) 567-0500 Fax: (801) 567-0501

**EXHIBIT “C”
TO THE FRANCHISE DISCLOSURE DOCUMENT**

SCHEDULE OF FRANCHISEES AS OF DECEMBER 31, 2023

1. List of Franchisees:

STATE	FRANCHISE NAME	CONTACT PERSON	ADDRESS	CITY, STATE, ZIP	PHONE
Arizona	Mesa Grills, LLC	Adam Adams	1840 South Val Vista Drive	Mesa, AZ 85204	970-482-3103
Arizona	Phoenix	Dan Arndt		Phoenix, AZ	623-444-4946
Colorado	Fort Collins Churrasco Company, LLC	Mark Rosenthal	200 Jefferson Street	Ft. Collins, CO 80524	615-730-8358
Florida	DLK Ventures, LLC	Dave Knighton	5911 Fruitville Rd,	Sarasota, FL 34232	801-706-4698
Florida	Boss management Group, LLC	Charles Haney	5911 Fruitville Road	Sarasota, FL 34232	856-344-5110
Maryland	Sonny Ventures, LLC	Jerry White	1079 Annapolis Mall Rd	Annapolis, MD 21401	410-849-4444
Minnesota	Saboroso, Inc.	Al Nammari	12197 Elm Creek Blvd.	Maple Grove, MN 55369	763-657-1133
Nebraska	Seven Crowns Investment Group, LLC	Ben Hung & Scott Morgan	737 P Street	Lincoln, NE	402-480-7475
Nevada	Las Vegas Grills, LLC	Adam Adams	1300 Sunset Rd, #2950	Henderson, NV 89014	702-781-5000
New Jersey	Voorhees Town Center	Charles Haney	13109 Town Center Blvd.	Voorhees, NJ 08043	856-344-5110
Ohio	RBS Columbus, LLC	George Chaposky	125 West Nationwide Blvd.	Columbus, OH 43215	614-241-4400
Oklahoma	Bricktown Grill, LLC	Mark & Becky Chapman	5415 E. 115 th St	Tulsa, OK 74137	918-605-0464
Tennessee	RG Chattanooga, LLC	Leandro de Paula	439 Broad St.	Chattanooga, TN 37402	423-777-4999
Tennessee	LJCP OYAJI, LLC	Carlos Kal Eunice Kal	7859 Tranquility Drive	Chattanooga, TN 37363	423-777-4999
Tennessee	Order and Progress, Inc.	Mark Rosenthal	166 Second Avenue North	Nashville, TN 37201	615-730-8358
Utah	DLK Ventures, LLC	Dave Knighton	4801 N University Ave	Provo, UT 84604	801-706-4698
Wisconsin	Fenix Milwaukee, LLC	Leandro de Paula	777 N Water St,	Milwaukee, WI 53202	414-431-3106



2. Franchisees that transferred their franchise in 2022:

STATE	FRANCHISE NAME	CONTACT PERSON	ADDRESS	CITY, STATE, ZIP	PHONE
Maryland ¹	Sonny Ventures, LLC	Al Nammari	1079 Annapolis Mall Rd	Annapolis, MD 21401	410-849-4444
Wisconsin ¹	RG Chattanooga, LLC	Roshan Amin	439 Broad St.	Chattanooga, TN 37402	423-777-4999

¹ Ownership in the franchisee entities for the Maryland franchise and Chattanooga franchise was transferred to new owners.



EXHIBIT “D”
TO THE FRANCHISE DISCLOSURE DOCUMENT
LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	2101 Arena Blvd., Sacramento, CA 95834	(916) 445-7205 (866) 275-2677 www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, 20 th Floor, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General’s Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7 th Place East, Suite 280, St. Paul, MN 55101	(651) 539-1500
New York	Secretary of State		Plaza, 99 Washington Avenue, Albany, NY 12231	(518) 473-2492
North Dakota	Securities Commissioner		600 East Boulevard Ave., State Capitol Fourteenth Floor, Dept. 414,	(701) 328-4712



			Bismarck, ND 58505-0510	
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities Labor and Industries Building	Salem, OR 97310	(503) 378-4387
Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex – Building 69-1, Cranston, RI 02920	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2 nd Floor, Pierre, SD 57501- 3185	(605) 773-3563
Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1 st Floor, Richmond, VA 23219	
Washington	Director of Financial Institutions		PO Box 41200, Olympia, WA 98504-1200	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

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



**EXHIBIT “E”
TO THE FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE AGENCIES RESPONSIBLE FOR
FRANCHISE DISCLOSURE/REGISTRATION LAWS**

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov	Department of Financial Protection and Innovation	<u>Sacramento:</u> 2101 Arena Blvd., Sacramento, CA 95834 <u>San Diego:</u> 1455 Frazee Road Suite 315, San Diego, CA 92108 <u>San Francisco:</u> One Sansome Street, Ste. 600, San Francisco, CA 94101 <u>Los Angeles:</u> 320 West 4 th Street, Ste. 750, Los Angeles, CA 90013-2344	<u>Sacramento:</u> (916) 445-7205 <u>San Diego:</u> (619) 525-4233 <u>San Francisco:</u> (415) 972-8559 <u>Los Angeles:</u> (213) 576-7500 <u>Toll Free:</u> (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 32314-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111, Indianapolis, IN 46204	(317) 232-6681
Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319-0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, 20 th Floor, Baltimore	(410) 576-6360



			Maryland 21202-2020	
Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6 th Floor, Lansing, MI 48933	(517) 373-7117
Minnesota	Minnesota Department of Commerce	Securities – Franchise Registration	85 7 th Place East, Suite 280, St. Paul, Minnesota 55101-2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21 st Floor, New York, NY 10005	(212) 416-8222 Fax: (212) 416-6042
North Dakota	Franchise Examiner	North Dakota Securities Department	600 East Boulevard Avenue, State Capitol Fourteenth Floor, Dpt 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947-7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920-4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773-5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711-3193 1719 Brazos, Austin, TX 78707	(512) 475-1769
Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001
Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor, Richmond, VA 23219	(804) 371-9051
Washington	Securities Division	Department of Financial Institutions	P.O. Box 9033, Olympia, WA 98507-9033	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal	Division of Marketing	Bureau of	Pennsylvania Avenue	(202) 326-3128



Trade Commission	Practices	Consumer Protection	at 6 th Street, NW, Washington DC 20580	
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**EXHIBIT “F”
TO THE FRANCHISE DISCLOSURE DOCUMENT**

POLICIES AND PROCEDURES MANUAL TABLE OF CONTENTS

Welcome by President of Rodizio Grill®	1 page
Corporate Information (Rodizio Roots)	4 pages
All About Brazil	5 pages
Customer Service	2 pages
Policies and Procedures	6 pages
Human Resources	3 pages
Safety and Security	1 page
Cleaning and Sanitation	1 page
Food Safety	20 pages
Host/Hostess Manual	(Included in a separate training module)
Server and Meat Server Manual	(Included in a separate training module)
Busser Manual	(Included in a separate training module)
Bartender Manual	(Included in a separate training module)

<u>Total</u>	<u>43 Pages</u>
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**EXHIBIT “G”
TO THE FRANCHISE DISCLOSURE DOCUMENT
RELEASE AGREEMENT (FORM)**



**RELEASE AGREEMENT
(FORM)**

This RELEASE AGREEMENT (“Agreement”) is made and entered into as of _____ by and between **PHOENIX FRANCHISE GROUP, LLC** (“Franchisor”) and _____, **LLC/INC.**, _____, **AND** _____ (jointly and severally “Franchisee”). The above will collectively at times be referred to as “Parties” and individually as “Party.” Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Rodizio Grill® franchise agreement on _____ with Franchisor (“Franchise Agreement”); and

WHEREAS, the Franchise Agreement was personally guaranteed by _____ and _____ (“Personal Guarantor(s)”); and

WHEREAS, the Franchise Agreement has been terminated effective as of _____.

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantor(s) have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, members, managers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.

3. Franchisee and Personal Guarantor(s) represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the



English language. Franchisee and Personal Guarantor(s) acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. Franchisee and Personal Guarantor(s) are reminded of their ongoing obligations under the non-competition clauses of the Franchise Agreement and the Brand Protection Agreement for Principals signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the state of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah, and the laws of the state of Utah will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

6.4 Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements with between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:

PHOENIX FRANCHISE GROUP, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____, **LLC/INC.**

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

PERSONAL GUARANTOR(S):

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

EXHIBIT “H”
TO THE FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE DOCUMENTS SIGNING CHECKLIST





Franchise Documents Signing Checklist

The following items need to be filled out, signed, or dated by the party indicated and/or a copy of the document delivered to Phoenix Franchise Group, LLC (“PFG”)

1. When you receive the FDD

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
FDD Receipt pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date <u>both</u> copies. You will keep the copy labeled “Franchisee Copy” and return the other copy (“Franchisor Copy”) to PFG.	_____

2. When you sign the Franchise Agreement and other documents

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Franchise Agreement	(page 1)	Fill in your name or the name of your company that will act as the franchisee.	_____
Franchise Agreement	(page 3)	In first paragraph fill in date the Franchise Agreement is signed and your company name or your name if you do not have an entity.	_____
Franchise Agreement	(page 38)	Fill in your name or your company name, address, and email (and fax if you have one).	_____
Franchise Agreement	(page 45)	<p>1. If you have a company that will act as the franchisee, fill in the company name on the line before LLC/INC. and have the president, manager, etc., sign on behalf of the entity.</p> <p>2. If you will be the franchisee personally, you will sign on the lower signature lines and print your name on the line before “personally.”</p>	_____

Franchise Agreement (Personal Guaranty)	(page 46)	If you have a company that will be signing the franchise documents, <u>each</u> owner must personally guaranty the Franchise Agreement.	_____
Territory	Exhibit A-1 (page 47)	If you already know where your Rodizio Grill® franchise will be located, please fill in the address of the approved location. Both you and PFG must initial and date this page.	_____
Company Reps. and Warranties	Exhibit A-2 (pages 48-49)	If you have a company that will be the franchisee, you must fill out this document (every blank spot and/or checkmark) regarding all the owners and officers of your company.	_____
Principal Brand Protection Agreement	Exhibit A-4 (page 52-55)	<u>Each</u> principal owner and manager of your company, if applicable, must fill out and sign a separate form. 1. Fill in the signing date and sign page 55.	_____
Employee Brand Protection Agreement	Exhibit A-5 (page 56-59)	<u>All</u> your employees need to fill out and sign separate non-compete agreements. 1. On the first page (page 56), the employee will fill in the date the document is signed and will list you or your company as the franchisee, and the employee will fill in their address. 2. On page 58, you and your employee must sign this document.	_____
Landlord's Consent	Exhibit A-6 (pages 60-62)	1. Fill in the name of the Landlord (will be the same as in your lease agreement). 2. Fill in your entity name or personal name if no entity formed. 3. Provide to your landlord and have him/her date and sign and return to you. This should be done at the same time you sign the lease agreement. Both you and we will also sign this document 4. Landlord and you will sign page 62 (Lease Rider).	_____
ACH Agreement	Exhibit A-7 (page 63)	This must be filled out with all the appropriate bank information and signed.	_____

Site Location Agreement	Exhibit A-8 (page 64)	If you have not found a site by the time you sign the Franchisor's Agreement, PFG may allow you to sign this agreement to give you an extra three months to find a site.	_____
Authorization Agreement for Release of Information	Exhibit A-9 (page 65)	This must be filled out with all the appropriate bank information and signed.	_____
Digital and Social Media Authorization for Assignment	Exhibit A-10 (pages 66-67)	You and PFG must sign, print name and date on page 67.	_____
Franchisee Report	Exhibit A-11 (page 68)	Franchisee must fill in relevant information, sign, and date.	_____
Release Agreement	Exhibit G	<u>Do not fill out or sign this agreement.</u> This is only to be filled out and signed at the time the Franchise Agreement is transferred, terminated or not renewed.	_____

3. Before you begin operations

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED / RECEIVED
Proof of insurance	You must obtain and maintain insurance that lists PFG as an additional insured. You must provide PFG with proof of this insurance.	_____
Your dba	In the state where your restaurant is located, you need to file for a dba or "doing business as" under the name "Rodizio Grill _____." The blank line will be the city where your restaurant is located. For example, if your restaurant is located in Kansas City, Missouri, your filed dba could be "Rodizio Grill – Kansas City." PFG must approve your dba before you file it. You must send a copy of the dba filing to PFG after it is filed. Please note that a dba is different from your company name if you have a company that is the franchisee. Please note that you <u>cannot</u> use the name "Rodizio Grill" as your company name.	_____
Franchisee's Entity Documents	If you use a company to be the franchisee, you need to send a copy of your articles of incorporation/organization along with your bylaws/operating agreement to PFG.	_____

Copy of lease agreement	You must send PFG a copy of the fully signed and dated lease, together with the Landlord's Consent, or the pages with the additional language as set out in the franchise agreement.	_____
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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date</u>
California	Pending

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



RECEIPT
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Phoenix Franchise Group, 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 regarding the proposed franchise sale.

If Phoenix Franchise Group, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Phoenix Franchise Group, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in that particular state.

The issuance date of this disclosure document is April 17, 2024.

Phoenix Franchise Group, LLC is located at 9829 South 1300 East, Ste 302, Sandy, Utah 84094. Its telephone number is (801) 567-0500. The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

Name	Address	Phone
Ivan Utrera	9829 South 1300 East, Ste 302, Sandy, Utah 84094	(801) 567-0500
David Knighton	9829 South 1300 East, Ste 302, Sandy, Utah 84094	(801) 567-0500
Nicholas Utrera	9829 South 1300 East, Ste 302, Sandy, Utah 84094	(801) 567-0500

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I received a disclosure document dated April 17, 2024, that included the following Exhibits:

- | | |
|---|---|
| A. Franchise Agreement and Its Exhibits | F. Table of Contents for Policies and Procedures Manual |
| B. Financial Statements | G. Release Agreement |
| C. Schedule of Franchisees | H. Signing Checklist |
| D. List of Agents for Service of Process | |
| E. List of State of Agencies Responsible for Franchise Disclosure and Registration Laws | |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____
(If signing on behalf of company)

Name: _____
(Print name)

Please keep this copy for your records.



RECEIPT
(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Phoenix Franchise Group, 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 regarding the proposed franchise sale.

If Phoenix Franchise Group, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580 and the state administrator listed in Exhibit "E." Phoenix Franchise Group, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in that particular state.

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| E. List of State of Agencies Responsible for Franchise Disclosure and Registration Laws | |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____
(If signing on behalf of company)

Name: _____
(Print name)

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Phoenix Franchise Group, LLC at 9829 South 1300 East, Ste 302, Sandy, Utah 84094, or by emailing a copy to franchising@rodiziogrill.com.

