

FRANCHISE DISCLOSURE DOCUMENT



RSP FRANCHISE, LLC
A Minnesota limited liability company
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WWW.SAVOYPIZZA.COM

The franchise offered is for the operation of a franchised location under the mark “RED’S SAVOY PIZZA®”, which makes and sells pizza and related items using the Franchisor’s recipes, formulas, business policies, trademarks, service marks, and trade names.

The total investment necessary to begin operation of a Red’s Savoy Pizza franchise is between \$201,800 and \$508,250 to operate under our “traditional model” and between \$78,300 and \$506,250 to operate under our “non-traditional model.” This includes between \$46,370 and \$61,555 that must be paid to the Franchisor when you operate under our traditional model, and between \$46,370 and \$59,555 that must be paid to the Franchisor when you operate under our non-traditional model. The Franchisor also offers to qualified individuals the right to operate multiple Red’s Savoy Pizza locations under a Development Agreement. The minimum number of Red’s Savoy Pizza locations required to be developed under a Development Agreement is two (2). The total investment necessary to begin operating under a Development Agreement will vary depending upon the number of locations we agree you will open under that agreement. You must pay us an Initial Development Fee of \$40,000 for the first location plus \$25,000 multiplied by the number of additional locations you agree to open; however, you will not pay an initial franchise fee when you sign a Franchise Agreement for each location. Your estimated initial investment will vary based on the number of locations to be developed.

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

You may wish to receive your Disclosure Document in another form that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Reed Daniels, our Chief Executive Officer and President, at 612-839-9110, reed@savoypizza.com, or the address above.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire 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 also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: **March 28, 2022**

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 F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Red’s Savoy Pizza 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 Red’s Savoy Pizza franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out of State Dispute Resolution.** The franchise agreement and area development agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in Minnesota. 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 Minnesota than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Purchase of Inventory and Supplies.** You must purchase all or nearly all of the inventory and supplies necessary to operate your business from us, our affiliates, or from suppliers that we designate at prices that we or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

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

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, Lansing, Michigan 48909, telephone: (517) 335-7622.

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

To simplify the language in this Disclosure Document, RSP Franchise, LLC will be referred to as “we,” “us,” or “**Franchisor**.” We will refer to the person or entity that buys the franchise as “**you**” or “**Franchisee**” throughout the Disclosure Document. If you are a corporation, limited liability company, or a partnership, your owners must sign a personal guaranty agreeing to comply with all the provisions of the Franchise Agreement, and both your owners and the entity are included in the terms “you” and “Franchisee.” The term “Red’s Savoy Location” means a RED’S SAVOY PIZZA® franchised location as described in this Disclosure Document.

The Franchisor and its Parents, Affiliates and Predecessors

The Franchisor is a limited liability company organized under the laws of the state of Minnesota on February 28, 2019. Our principal business address is 574 Prairie Center Drive, Suite 135-314, Eden Prairie, Minnesota 55344. We do business under our corporate name, and the name “RED’S SAVOY PIZZA®.” The Franchisor was formed to offer franchises under the Red’s Savoy Pizza mark and other marks, and as it had no activities or operations until its formation, has not conducted business in any other line of business nor offered franchises in any other line of business.

We do not have any parents. On April 11, 2019, we acquired substantially all of the assets of Red’s Savoy Franchise, LLC (“**RSF**”), Red’s Savoy Holdings, LLC (“**RS Holdings**”), and Red’s Savoy USA, LLC (“**RS USA**”), each a Minnesota limited liability company. These entities are our predecessors. The principal business address for RSF, RS Holdings, and RS USA, is 1300 NE Godward Street, #1600, Minneapolis, MN 55413. After April 11, 2019, none of these entities offers franchises in any line of business or provides products and services to our franchisees. Our acquisition on April 11, 2019, included the Red’s Savoy Pizza System that we license to you in this Disclosure Document.

RSF offered Red’s Savoy Locations from 2011 until April 2019. RS USA owned the Red’s Savoy Pizza System and related trademarks from 2011 to April 2019. RS Holdings served as a holding company to RSF and RS USA from 2011 to April 2019. None of these entities offered franchises in any other line of business, or had any business activities other than described in this paragraph. RSF never operated a business similar to the Red’s Savoy Locations described in this Disclosure Document, however, RSF’s affiliate, E & V Schoenheider, Inc., a Minnesota corporation (“**E&V**”) incorporated in March 1979, with a principal business address at 421 7th St E., St. Paul, MN 55101, operated the original Red’s Savoy Pizza restaurant in St. Paul, Minnesota from 1965 to 2017.

Between September 2009 and May 2011, E&V granted a number of license agreements allowing licensees (the “**Licensees**”) to operate pizza restaurants under THE ORIGINAL RED’S SAVOY PIZZA® mark. The restaurants operated by these Licensees vary in size and appearance, and the menu offerings also vary among the Licensees. Some of these restaurants offer dine-in service and some serve alcoholic beverages. Their license agreements with E&V varied from one another, and also varied substantially from the Franchise Agreement that you will enter into with us. In 2011, RSF converted all but its affiliate-owned locations to franchised locations. In 2017, the original E&V affiliate location in St. Paul, Minnesota ceased operating. In April 2019, when we purchased the Red’s Savoy Pizza system assets, the two (2) remaining E&V affiliate-owned locations converted from company-owned locations to franchised or licensed locations based on their agreement with E&V. As of the date of this Disclosure Document, one such location continues to operate in St. Paul, Minnesota.

We have one affiliate, Garrison Reed LLC (“**Garrison Reed**”), a Minnesota limited liability company that was formed on September 19, 2018. Its principal business address is the same as ours. As

of the date of this Disclosure Document, Garrison Reed operates two (2) Red's Savoy Pizza restaurants. It has operated a Red's Savoy Pizza restaurant at 4960 W 77th St., Edina, MN 55435, (952) 831-8100 since December 31, 2019, and a Red's Savoy Pizza restaurant at 400 Wabasha St. N., St. Paul, MN 55102, (651) 797-3774 since December 15, 2020. Garrison Reed also operates a food truck offering pizza and related items under the Marks (as defined below) at various events and to promote the Red's Savoy Pizza brand and the System (as defined below).

Except as noted above, we have no parent, affiliates or predecessors. Other than through our affiliate, Garrison Reed, we do not currently, but may in the future, own or operate Red's Savoy Pizza locations of the type being franchised.

The names and addresses of our agents for service of process are listed on Exhibit A.

The Franchise Being Offered

We offer franchises that allow you to operate a location under the mark Red's Savoy Pizza selling pizza and other related food and beverage items ("**Red's Savoy Location(s)**"). Each Red's Savoy Location under our traditional model operates at a retail location displaying our interior trade dress. The food is prepared on premises and served for take-out consumption, delivery, and limited dine-in seating. The principal customers for the food products and beverages offered and sold in and out of Red's Savoy Locations operating under our traditional model will be families of all ages, young adults, school sports teams, as well as business entities. In addition to our traditional model, we also offer a "**Non-Traditional Model**" that features a branded serving counter located within an existing establishment or venue such as an airport, food hall, educational facility, stadium, office building, resort or similar location, that provides our full range of menu options for take-out consumption, delivery, and/or for consumption on the existing premises, depending on the type of location. In a Red Savoy Location operating under the Non-Traditional Model, interior trade dress may be limited to the serving counter area; some Non-Traditional Model locations may include exterior signage while others may only have interior signage. The franchise you purchase will operate under our traditional model unless we expressly designate it to operate under our Non-Traditional Model. We began offering the Non-Traditional Model as of the date of this Disclosure Document.

All Red's Savoy Locations are constructed to our specifications as to format, size, layout, decor and the like, unless we agree otherwise. We will review your proposed site plan and location to determine, in our discretion, the number of seats for dine-in customers you may include, and whether you may offer alcohol at your location.

You will operate a Red's Savoy Location, at your expense, as an independent business utilizing our business format, procedures, designs, layouts, trade dress, standards, specifications, methods of operation, customer service standards, purchasing and sourcing procedures, training and assistance, technology standards, entertainment and promotional events, and marketing, advertising and promotional programs (the "**System**" or "**Red's Savoy Pizza System**"). You must use the System at your Red's Savoy Location, which includes, without limitation, the common use and promotion of the name "Red's Savoy Pizza" and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and other commercial symbols we may designate from time to time (collectively, the "**Marks**"); distinctive food products, recipes and quality standards; training; advertising and promotional programs; and ongoing assistance. We may from time to time add or delete products and/or services and change, improve, add to, and further develop the specifications, standards, procedures, methods of operation and other elements of our System, and you will be expected to follow suit. You will offer and provide products and services to the general public, at all times complying with the Franchise Agreement and our confidential operations

manual (the “**Operations Manual(s)**”) to which you will be provided access at the time of training. You may only offer services and products with our prior approval.

Menu items for Red’s Savoy Locations are prepared according to specified recipes and procedures and use high quality ingredients, including our specially formulated and specially produced proprietary lines of food products and sauces. We may sell such specialty food products and sauces under the Red’s Savoy Pizza brand and also under other brands we may create and develop in the future. Under the Franchise Agreement described below, you will operate your Red’s Savoy Location at a designated location. Additionally, if you operate under our traditional model, your Red’s Savoy Location will be permitted to offer catering and delivery services within a specified radius from your Red’s Savoy Location in accordance with our then-current policies. If you operate under our Non-Traditional Model, there may be circumstances (for example, a location within an airport or stadium) where you will not be permitted to offer catering and/or delivery services.

Franchise Agreement and Development Agreement

The form of Franchise Agreement for the operation of a single Red’s Savoy Location is attached to this Disclosure Document as Exhibit C, which we offer to enter into with qualified legal entities and persons. If you will operate under our Non-Traditional Model, you also will be required to sign the Non-Traditional Model Rider to the Franchise Agreement, which is attached as Exhibit G to the Franchise Agreement. We also offer the right to develop multiple Red’s Savoy Locations with qualified legal entities and persons, within a specifically described geographic area under a Development Agreement. The form of Development Agreement appears as Exhibit D. Under the Development Agreement, you will open your Red’s Savoy Locations according to a development schedule that will be included in the Development Agreement. For each Red’s Savoy Location that you establish, you will enter into a separate Franchise Agreement, the first of which will be signed at the same time you sign the Development Agreement. The Franchise Agreement for each subsequent Red’s Savoy Location to be opened under the Development Agreement will be our then-current form of Franchise Agreement, the terms of which may differ from the terms of the first Franchise Agreement signed simultaneously with the Development Agreement.

If you are not an individual, then you must designate one of your owners, who must be an individual person and who must be reasonably acceptable to us, to act as the decision-maker and our primary contact for your Red’s Savoy Location (the “**Operating Partner**”). The Operating Partner must at all times own and control, or have the right to own and control, subject to conditions reasonably acceptable to us, not less than twenty percent (20%) of your equity and voting rights, and must have completed our training program as described herein.

The Market and Competition

You will have to compete with other businesses and restaurants that serve prepared foods, including those that serve pizza and similar items to those sold in Red’s Savoy Locations. Red’s Savoy Locations also compete with similar products sold through other distribution channels, such as through grocery locations and convenience locations. The restaurant business generally—and the pizza restaurant business specifically—is a highly competitive industry, and there are many factors outside of your or our control that will affect your success in the industry, such as customer preferences, population trends, economic conditions, and proximity to competitors. The sales of your Red’s Savoy Location are not expected to be seasonal, unless you operate under our Non-Traditional Model and your Red’s Savoy Location is within a venue that operates seasonally, such as a resort or recreation area, in which case the sales of your Red’s Savoy Location may be seasonal.

In addition, we may establish other Red's Savoy Locations in your area if permitted under the Franchise Agreement and/or sell or license others to sell products and/or services in your area. Also, we may sell related products through wholesalers, distributors, the Internet, toll-free telephone numbers, catalogs, mobile or temporary locations such as a food truck, or other similar means of distribution to customers at any location, whether or not located in your area. To the extent your Red's Savoy Location may be located near another Red's Savoy Location, you may appear to or actually compete with other Red's Savoy Locations.

The ability of each Red's Savoy Location to compete depends on its geographic location, marketing efforts, employee training, customer service, overhead costs, changing local market and economic conditions, and many other factors both within and outside your or our control. Prior business ownership and management experience is vital for new franchisees, and prior restaurant experience is highly desirable. Your people management skills, business acumen, and financial management strength, as well as your passion for the business, will all affect whether you succeed as a Red's Savoy Pizza franchisee.

Industry-Specific Regulations

There are a number of laws and regulations that you must comply with in operating a restaurant. You will be required to comply with all federal, state, and local laws, regulations, ordinances, and codes applicable to the operation and licensing of a prepared food service outlet, including approvals by health and sanitation agencies. Other applicable laws include driver regulations; employee safety; state and local codes and ordinances covering the discharge of waste and emissions; and laws applicable to public accommodations. If you sell alcoholic beverages, you have to obtain a liquor license and comply with laws that apply to sales of alcoholic beverages. You may also have liability under dram shop laws for injuries relating to the sale and consumption of these substances. Your Red's Savoy Location will also be subject to national, state, and local regulations that apply to all businesses, including the Americans With Disabilities Act, wage and hour laws, occupational health and safety (OSHA), equal employment opportunity, taxes, hazardous material, communications to employees, and business licensing requirements. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including Payment Card Industry (PCI) Data Security Standard (DSS).

You, your Operating Partner, and/or your General Manager must be ServSafe certified or must have completed a similar safety training and certificate program approved by us. You must provide us proof of this certification upon our request.

There are also numerous local, state, and federal laws that apply to the operation of businesses in general that will apply to your business, and you are responsible for keeping apprised of, and complying with, all applicable local, county, state and federal laws and regulations as they may change from time to time. You should consult with your attorney and local, county, state, and federal government agencies concerning these and other laws and ordinances that may affect the operation of a Red's Savoy Location before you sign a Franchise Agreement.

ITEM 2 BUSINESS EXPERIENCE

CHIEF EXECUTIVE OFFICER AND PRESIDENT: REED DANIELS

Reed has served as our Chief Executive Officer, President, and owner since our inception in February 2019. Reed also served as President of RSF from September 2017 to April 2019. Prior to that, Reed was RSF's Director of Marketing, from April 2013 to September 2017. Reed also served as the Founder and President of KABYTT, LLC, a marketing company in Eden Prairie, Minnesota that specializes

in online marketing and brand engagement, from 2012 until December 2019. Reed serves in his current capacities in the Twin Cities, Minnesota area.

DIRECTOR OF OPERATIONS: SHELLEY KNAEBLE

Shelley has served as our Director of Operations since November 2020. Prior to that, Shelley was senior director at Caribou Coffee from October 2017 to August 2020, and was vice president of operations and training at Bruegger’s Bagels from April 1995 to September 2017. Shelley did not work from September 2020 to October 2020. Shelley serves in her current capacities in the Twin Cities, Minnesota area.

DIRECTOR OF FRANCHISE SUPPORT: RENEE WESTON

Renee has served as our Director of Franchise Support since March 2021. Prior to that, Renee was Director of Support Operations for Bagel Brands from November 2017 to April 2020 and Director of Human Resources for Bruegger’s Bagels from May 2014 to October 2017. She did not work from May 2020 to February 2021. Renee serves in her current capacities in the Twin Cities, Minnesota area.

**ITEM 3
LITIGATION**

P & L Hagness, Inc. v. Reed Daniels and RSP Franchise, LLC, District Court, State of Minnesota, Fourth Judicial District, File No. 27-cv-20-118. On January 16, 2020, P & L Hagness, Inc., the operator of a location in Newport, Minnesota utilizing the “Red’s Savoy Pizza” name (“P&L”), served us and our founder, Reed Daniels, with a complaint. The complaint alleged that demands to require P&L to utilize RSP’s tradenames and proprietary products in compliance with certain standards and specifications, or to otherwise cease operating under the Red’s Savoy Pizza name and marks, amounted to tortious interference, unfair competition and trade practices, and unlawful restraint of trade. We promptly filed an answer denying these allegations in the District Court of the State of Minnesota, and brought counterclaims against P&L for trademark infringement, deceptive trade practices, unjust enrichment, breach of contract, and violation of the Minnesota Uniform Trade Secrets Act. We reached a settlement in March 2020 under which P&L agreed to dismiss their claims and leave the Red’s Savoy Pizza system, in exchange for an agreement to terminate their agreement with us, without the exchange of money. We also dismissed our claims against P&L.

Other than these matters, no litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FRANCHISE FEE**

Initial Franchise Fee and Initial Development Fee

You must pay us an “**Initial Franchise Fee**” of \$40,000. The Initial Franchise Fee is due in full to us when you sign the Franchise Agreement. The Initial Franchise Fee is nonrefundable.

If you sign a Development Agreement to develop more than one Red's Savoy Location, you must pay us an **"Initial Development Fee"** of \$40,000 to develop your first Red's Savoy Location, plus the multiple of \$25,000 times the number of additional Red's Savoy Locations you agree to open. The minimum number of Red's Savoy Locations required to be opened under a Development Agreement is two (2). The Initial Development Fee is not refundable under any circumstances and is payable in full when you sign the Development Agreement. For each Red's Savoy Location you open under your Development Agreement, you will not be charged an Initial Franchise Fee.

We also offer two programs that, if you qualify for them, will reduce your Initial Franchise Fee. We currently have a Veteran's program that offers reduced franchise fees to current members of the United States military, and veterans who received an honorable discharge from a branch of the United States military. We also offer a discount to existing franchisees that are in good standing and compliance with the terms and conditions of their franchise agreement(s) and all other agreements with us and our affiliates. If you qualify for either of these discounts, we will reduce the Initial Franchise Fee to \$35,000, and your Initial Development Fee will be \$35,000 for the first location, plus \$25,000 for each additional location you agree to open. This reduction only applies to Franchise Agreements or Development Agreements you enter into with us during the time we offer these programs. We reserve the right to modify or terminate the programs at any time, but no modification or termination will affect any Franchise Agreements or Development Agreements you signed while the programs were offered.

The Initial Franchise Fee and Initial Development Fee are contemplated to be uniform as to all persons currently acquiring a franchise from us. We may, in our sole business judgment, agree to reduce the initial fees in certain situations, including situations where a prospective franchisee or its affiliates have experience with the System, or in situations where we believe an incentive is needed to induce the franchisee to develop a Red's Savoy Location. In our last fiscal year, we uniformly collected Initial Franchise Fees of \$30,000 for the first Red's Savoy Location, and \$20,000 for each additional Red's Savoy Location, which were our then-current Initial Franchise Fee and Initial Development Fee.

Site Selection and Opening Requirements

You will have three (3) months from the date you sign the Franchise Agreement in which to find and obtain a suitable site for your Red's Savoy Location (through lease or purchase), subject to our approval and requirements of the Franchise Agreement (the **"Site Selection Date"**). Your Red's Savoy Location must be opened and operating under our requirements within nine (9) months following the execution of the Franchise Agreement (the **"Required Opening Date"**).

If you want to extend these timeframes, and we agree to allow you to do so, you may either (i) pay a \$500 extension fee to us as a condition to our granting the extension, and we will extend each of your Site Selection Date and Required Opening Date by two (2) months; or (ii) agree to release any protected territory that has been given to you and to seek a site for your location in an area "to be determined," in which case we will waive your Site Selection Date and extend your Required Opening Date so that you have one (1) year from the execution of your Franchise Agreement to both obtain your site and open and begin operating your Red's Savoy Location. The extension fee may also apply if we agree to allow you to extend the date for opening any Red's Savoy Location that you agree to open under your Development Agreement. We are not obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

Technology Fee

You must pay us our then-current Technology Fee during the term of your Franchise Agreement, which is \$685 per month as of the date of this Disclosure Document. This fee is nonrefundable. This Technology Fee includes access to and support of our enterprise POS server, online ordering, access to our mobile app, management of our loyalty program, remote access, access to our franchise management system and reporting systems, and includes the establishment of two email accounts. In addition, we will establish and maintain an Internet website to advertise and promote the Red's Savoy Pizza franchise system (the "**Website**") and other electronic media as we determine, in our sole discretion. We will manage your location-specific information on the Website. You will begin paying the Technology Fee on or before the tenth (10th) day of the month in which you attend our initial training program (provided you must pay this fee before you attend training), which is generally eight (8) to ten (10) weeks prior to your opening, and thereafter on a monthly basis. Therefore, we estimate the amount of this fee that you will pay to us before opening will range from \$1,370 to \$2,055. We may increase the Technology Fee at any time upon notice to you based on any increase in the then-current cost for the license of any business operations software or other software necessary for use in your location.

Point of Sale Installation and Training

We will provide Point of Sale ("**POS**") installation and training. These expenses are nonrefundable and will total \$3,000. You must pay this invoice for installation and training at the time of placing the hardware order for your POS system. We may, in our sole business judgment, waive or reduce this requirement in certain circumstances, including when a franchisee has previous experience with the System, or is an experienced operator within the pizza and food service industry.

Grand Opening Advertising Program

You must prepare and conduct a grand opening advertising for your Red's Savoy Location in compliance with our requirements and you will be required to spend at least \$10,000 ("**Grand Opening Spend**") in connection with this program. You must spend a minimum of \$5,000 of the Grand Opening Spend on grand opening materials that you purchase from us, including banners, digital advertising, various print materials, and other grand opening promotions. We reserve the right to review and approve your plan for your grand opening advertising materials, and require you to utilize such services and support as we deem appropriate to assist you in execution of your plan. These purchases are nonrefundable. In certain instances, if you are opening a Non-Traditional Model in a location that is heavily dependent on foot traffic and/or does not allow delivery, such as in an airport, we may reduce the minimum amount that you must spend on grand opening advertising by up to \$5,000, although you must still spend a minimum of \$5,000 of the Grand Opening Spend on grand opening materials that you purchase from us.

Branded Materials

We currently are the only approved supplier of certain branded print materials and apparel, including uniforms, which must be purchased prior to opening your Red's Savoy Location. The packages we offer for these materials range, each depending on the size of your Red's Savoy Location, from \$2,000 to \$4,000 if you are operating under our Non-Traditional Model and from \$2,000 to \$6,000 if you are operating under our traditional model. These purchases are nonrefundable.

**ITEM 6
OTHER FEES**

Type of Fee (Note 1)	Amount (Note 2)	Due Date	Remarks
ROYALTY FEE	5% of your Gross Revenues.	On or before the tenth day of each month via EFT withdrawal, however, we reserve the right to collect this fee on a weekly basis.	“ Gross Revenues ” includes all of your revenue from operating your Red’s Savoy Location (including delivery and catering charges), excluding sales or use tax and other customer refunds, credits and discounts given in good faith, and the sale of gift cards.
ADVERTISING FUND CONTRIBUTION	Currently, 3% of your Gross Revenues.	On or before the twenty-fifth day of each month via EFT withdrawal, or such later day as we determine, however, we reserve the right to collect this fee on a weekly basis.	We reserve the right to increase this contribution to up to 5% of your Gross Revenues, provided, we will not increase this contribution by more than 1% on an annual basis. See Note 3.
LOCAL ADVERTISING	A minimum of 1% annually of your Gross Revenues.	As incurred.	These will be paid to third party service providers according to a marketing plan that we approve. We have the right to require that you provide us with proof that these funds were spent. We also may make available digital advertising packages that you may purchase from us or a designated vendor, that count towards this requirement.

Type of Fee (Note 1)	Amount (Note 2)	Due Date	Remarks
TECHNOLOGY FEE	Currently, \$685.	On or before tenth day of each month via EFT withdrawal, or such later day as we determine, however, we reserve the right to collect this fee on a weekly basis.	<p>You are required to pay our then-current cost for the license of any business operations software or other software necessary for use in your location. This fee currently includes access to and support of our enterprise POS server, online ordering, access to our mobile app, management of our loyalty program, access to our franchise management system and reporting systems and performance dashboard, maintenance of the Website, and includes the establishment of two email accounts. Additional email accounts can be purchased for \$100 per year.</p> <p>We reserve the right to implement additional proprietary software systems for all franchisees, which may require up-front and maintenance fees. You will either pay this fee to us, or directly to any provider that we designate to license software to you. See Note 4.</p>
ADDITIONAL INITIAL TRAINING	Our then-standard rate for the initial training program (currently \$2,000 per person), plus out-of-pocket expenses.	This amount is due 20 days after your receipt of our invoice.	You only pay this fee if we provide the initial training program to someone other than you, your Operating Partner or your initial General Manager, or if you retrain people in our training program. We require that if you have a General Manager who is actively managing your location at any point in time, that person must successfully complete this program.
ADDITIONAL ONGOING TRAINING AND ASSISTANCE	Our then-standard rate for additional training (currently \$500 per day per attendee, plus out-of-pocket expenses).	This amount is due 20 days after your receipt of our invoice.	If, at any time during your operation of your Red's Savoy Location, you request that we provide additional training, or if we determine that you require additional assistance or training, you must pay our then-current per diem training fee for each trainee, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, meals and travel arrangements of the trainers and other reasonable expenses.

Type of Fee (Note 1)	Amount (Note 2)	Due Date	Remarks
ANNUAL CONVENTION FEE	Currently, \$300. We may increase this fee annually.	Within 20 days of the invoice date.	If we establish a franchisee convention, you must pay this fee for each attendee, along with the costs of attendance for you and your attendees. The person holding a controlling interest in your business (or your Operating Partner, if different) and your General Manager will be required to attend. If you do not attend the annual convention, you must complete a review of the material with us and pay our then-current fee to do so, which is \$800 as of the date of this Disclosure Document.
TRANSFER FEE	\$5,000.	Before completing a transfer of the Franchise Agreement or Development Agreement.	This fee is only due if you transfer your franchise (or your interest in it) or the Franchise Agreement or Development Agreement.
RENEWAL FEE	\$5,000.	At the time you sign a new Franchise Agreement.	This fee is only due if you decide to renew your Franchise Agreement.
RELOCATION FEE	\$3,000, plus our expenses.	When you submit a request to move your Red's Savoy Location.	You only pay this fee if you want to relocate your location. If we do not approve your request, we will refund the fee.
ONGOING PURCHASES OF PROPRIETARY PRODUCTS	The price as established by the applicable approved supplier from time to time.	Before shipment.	All products you will use in your Red's Savoy Location must meet our standards. This will be paid to us, our affiliates, or to other approved suppliers on the terms established from time to time by the applicable supplier.
CHARGES FOR INSPECTIONS AND MYSTERY CUSTOMER AND QUALITY CONTROL EVALUATION	Will vary under circumstances.	Upon demand, if incurred.	See Note 5. The mystery customer program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items). You must participate in our then-current programs, at your cost and expense. Payable to us or to third parties as applicable.

Type of Fee (Note 1)	Amount (Note 2)	Due Date	Remarks
POINT OF SALE INSTALLATION AND TRAINING	\$3,000.	Upon demand.	See Note 6.
LATE CHARGES	1.5% per month on unpaid balances, or the maximum amount permitted by law.	Immediately after notice from us.	This fee is only due when you do not pay other fees you owe on time.
AUDIT COSTS	The amount will vary.	Within 20 days after invoice.	If an audit reveals that you understated your Gross Revenues in any report to us by more than 2%, you must reimburse us for all costs related to the audit.
COSTS AND ATTORNEYS' FEES	The amount will vary.	Upon demand.	You agree to pay our costs and attorneys' fees only if we prevail in any dispute with you under the Franchise Agreement.
INDEMNIFICATION	The amount will vary.	Within 20 days after invoice.	You must reimburse us if we are held liable for claims arising from your operation of your Red's Savoy Location.
PERSONAL GUARANTY	Varies.	Upon demand.	You must personally guarantee all obligations in the Franchise Agreement and Development Agreement.
SPEEDLINE SUPPORT	\$152 per month.	Monthly.	Payments must be made directly to our mandatory vendor. You will start paying this fee when your POS system is installed.
SERVSAFE / TIPS OR SIMILAR CERTIFICATION	\$200 to \$400 per person or the then-current market rate.	As needed.	You, your Operating Partner, or your General Manager must be ServSafe /TIPS or similarly certified. Payable to an approved supplier.
PROHIBITED PRODUCT, SUPPLIER OR UNAPPROVED ADVERTISING FEE	\$500 per day of use of unauthorized products or services.	If incurred.	In the event that you use any supplier, or offer any product, which has not been authorized by us, or use any advertising that has not been approved by us, we reserve the right to charge you this amount to cover our expenses associated with your improper use, in addition to other remedies available to us. This may not be enforceable under state law.
STANDARD DEFAULT FEE	Up to \$500 per month per violation.	Immediately after notice from us.	See Note 7.

Type of Fee (Note 1)	Amount (Note 2)	Due Date	Remarks
LIQUIDATED DAMAGES	See Note 8.	Within 15 days of termination of your Franchise Agreement for cause.	You must pay this fee if we terminate your Franchise Agreement for cause.
CURE EXPENSES, COLLECTION COSTS, AND POST TERMINATION / EXPIRATION EXPENSES	Our cost and expense if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts.	Immediately on demand.	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions. See Note 9.
PRODUCT TESTING AND EVALUATION COSTS	Varies – the costs of testing and evaluation, and reimbursement of our expenses if travel is required.	As incurred.	See Note 10.
LOCATION REFURBISHMENT	Will vary under circumstances.	As agreed.	We may require you to materially refurbish your Red's Savoy Location to meet our then-current requirements for décor, layout, etc. We will not require you to refurbish the Red's Savoy Location more frequently than every four years.

Notes:

¹ Unless otherwise stated, all fees are imposed by and are payable to us, and none are imposed by any cooperative. Unless otherwise stated, all fees are non-refundable. All fees are uniformly imposed for all new franchisees; however, in certain unique circumstances, we may waive or reduce one or more of these fees. Company and affiliate-owned Red's Savoy Locations are not required to pay Royalty Fees, but they are required to contribute to the Advertising Fund. Company and affiliate-owned Red's Savoy Locations do not have a specific local advertising requirement, however will make expenditures in local advertising programs as appropriate. Company and affiliate-owned Red's Savoy Locations will pay the then-applicable Technology Fee.

² For all amounts you owe to us or our affiliates, we have the right to collect these fees by EFT or ACH transfer from your designated account, or by pre-authorized check draft or pre-authorized credit card charge. If your state, or any governmental body in your state, charges a tax on the fees we receive from

you, then you must pay an additional fee equal to the amount of this tax. This does not apply to federal or Minnesota income taxes we or our affiliates have to pay. If you do not timely report your Gross Revenues, we may debit your account for 120% of the last Royalty Fee that we previously debited (plus late payment charges and all other amounts due to us or our affiliates). If the amounts we debit are less than the amounts you actually owe us or our affiliates, we will debit your account for the balance on the date we specify. If the amounts we debit exceed the amounts you actually owe us, we will credit the excess against the amounts due the next payment date.

- ³ We reserve the right, in our sole discretion, for business purposes and upon thirty (30) days written notice, to increase the Advertising Contribution. In no event will such contribution exceed five percent (5%) of your Gross Revenues.
- ⁴ We may either require you to pay this fee directly to us, or pay it (or a portion of it) directly to any provider of any software, and sign a license agreement directly with that provider for the provision of the software. We may increase this fee during the term upon notice to you to cover additional costs for the license and support of required software, digital applications and successor technology and replacements thereto.
- ⁵ We may ourselves, or through an independent service, conduct a “mystery customer” quality control and evaluation program. You must participate in this program, and we may require that you pay us our then-current costs for the provision of this program or the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).
- ⁶ You will be required to use the designated POS system, which is an integral part of our online ordering system and loyalty initiatives. We have a certified installer on our staff, who will install the system you purchase and provide at least two (2) days training to you on its operation at a nonrefundable expense of \$3,000.
- ⁷ In addition to our right to terminate the Franchise Agreement, if you breach certain provisions of your Franchise Agreement, and you fail to cure the default during the cure period, you must pay us a fee of up to \$500 per default per month until the default is cured in order to offset our costs incurred to address the default.
- ⁸ If we terminate your Franchise Agreement for cause, you must pay us within fifteen (15) days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees and Technology Fees and other amounts you paid or owed to us during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) thirty-six (36) (being the number of months in three (3) full years), or (b) the number of months remaining in the term of the Franchise Agreement had it not been terminated, whichever is lower; provided that if your Red’s Savoy Location was not open for such entire twelve (12) month period, utilizing the average monthly Royalty Fees paid to us by Red’s Savoy Locations within the System for any period in which your location was not open and operating
- ⁹ Reimbursement to us of all costs and expenses associated with your default of the Franchise Agreement, including but not limited to, collections costs, costs and commissions paid or due to a collection agency, reasonable attorneys’ fees, costs incurred in creating or replicating reports demonstrating Gross Revenues or other aspects of your business, court costs, expert witness fees, discovery costs and reasonable attorneys’ fees and costs on appeal, together with interest charges on all of the foregoing. In addition, if you breach the Franchise Agreement, we have the right (but not the obligation), to take such action as we deem appropriate to cure the breach on your behalf.

¹⁰ If you want to purchase unapproved products or equipment, supplies, services, or products from other than approved suppliers, we may require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us, or reimbursement of our expenses if travel is incurred. You must pay a charge not to exceed the cost of the evaluation and testing and expenses associated with it. See also Item 8.

**ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure¹	Amount – Traditional Model	Amount – Non-Traditional Model	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$35,000 - \$40,000	\$35,000 - \$40,000	Lump Sum	Due in full upon execution of the Franchise Agreement	Us
Rent and Security Deposit ³	\$5,000 - \$12,000	\$0 - \$12,000	Lump Sum	At time of signing of lease and monthly thereafter	Lessor
Leasehold Improvements ⁴	\$26,000 - \$169,000	\$0 - \$169,000	As Incurred	As Incurred	Contractors, Architects and Engineers
Equipment, Furniture and Trade Fixtures ⁵	\$75,500 - \$175,000	\$0 - \$175,000	Lump Sum	Before Opening	Vendors
Computer Systems, Technology Fee, installation and training ⁶	\$16,800 - \$24,500	\$16,800 - \$24,500	Lump sum	Before Opening	Us and Vendors
Opening Inventory, Supplies and Smallwares ⁷	\$8,000 - \$12,000	\$5,000 - \$12,000	Lump Sum	Before Opening	Vendors
Signage	\$5,000 - \$15,000	\$5,000 - \$15,000	As Incurred	As Incurred	Varies
Uniform and Branded Print	\$2,000 - \$6,000	\$2,000 - \$4,000	Before Opening	Before Opening	Us
Licenses ⁸	\$2,000 - \$3,000	\$0 - \$3,000	Lump Sum	Before Opening	Licensing Authority
Legal and Accounting Expenses	\$2,000 - \$4,000	\$2,000 - \$4,000	As Incurred	Before Opening	Vendors
Grand Opening Advertising ⁹	\$10,000	\$5,000 - \$10,000	Lump Sum	As incurred	Us and Vendors

Type of Expenditure ¹	Amount – Traditional Model	Amount – Non-Traditional Model	Method of Payment	When Due	To Whom Payment is to be Made
Travel and Living Expenses While Training	\$500 - \$8,250	\$500 - \$8,250	As Incurred	Before and during training	Vendors (e.g., travel, hotel, restaurants)
Insurance ¹⁰	\$2,000 - \$4,000	\$2,000 - \$4,000	As Incurred	Before Opening	Insurance Carrier
Extension Fee	\$0 - \$500	\$0 - \$500	As Incurred	Only due if requesting an extension to your required opening date	Us
Additional Funds – 3 months ¹²	\$12,000 - \$25,000	\$5,000 - \$25,000	Lump Sum, As Incurred	As Incurred Before and After Opening	Various Parties, Including Employees
Total:¹²	\$201,800 - \$508,250	\$78,300 - \$506,250			

This table relates to the estimated initial investment for a start-up pizza restaurant. Your initial investment to convert an existing restaurant may be less because the expenses on equipment and other opening items may be lower.

Notes:

- ¹ Except as described below, all fees and amounts that you must pay to us are non-refundable. This estimate does not include your salary and assumes you will be working full time at the location. It also does not include interest and depreciation expenses.
- ² The Initial Franchise Fee is generally \$40,000 for a Red's Savoy Location. However, we may discount this fee in certain specific circumstances. Some of these discounts are tied to you signing a Development Agreement, and committing to open two or more Red's Savoy Locations. We also have a Veteran's Program for current and former members of the United States military, and a program for existing franchisees in good standing purchasing additional locations. All of these discounts are described in Item 5.
- ³ We have not projected any cost for the purchase of any land or building, because we do not recommend you purchase a building for your business. Instead, if you operate under our traditional model we recommend that you lease a site in a retail space, preferably a strip mall or in a freestanding building in a retail area. You will need a retail location ranging from approximately 1,200 square feet to 1,600 square feet depending on available real estate, and all of our estimates are based on approximately 1,300 square feet. The annual lease net rent should range between \$15 and \$35 per square foot per year, although it may be higher or lower in certain locations. It also may vary from site to site, depending on the layout of the site, amenities offered, your wishes, the amount of tenant improvement allowance that you negotiate, and your financial capabilities. You may also be required under the terms of your lease to pay your landlord common area maintenance fees, property taxes and percentage rent based on sales from your Red's Savoy Location. If you operate under our Non-Traditional Model, we estimate you will need approximately 800 square feet; the low end of the range assumes you open the Non-Traditional Model in a space you already occupy.

- ⁴ If you lease the land and building for your Red's Savoy Location, then you will need to make certain improvements in order to bring the building up to our standards of operation. You will need to hire contractors to build the required improvements. These costs will depend on the site's condition, location and size, the demand for the site among prospective lessees, the site's previous use, and construction allowances the landlord grants. The above range arises from the variance in work needed for a leasehold and construction cost variance by geographic location. Due to the possibility of unexpected fluctuations in these costs, we strongly encourage you to get a quote from construction contractors in your locality before beginning any construction activities. If the space does not require extensive renovations and is a "restaurant ready" location, the leasehold improvement costs is expected to fall in the lower range. If the existing space does not include restrooms or air cleaning equipment for the kitchen or is otherwise an "unfinished space" the costs of improvement, including but not limited to plumbing and/or mechanical equipment, add significant expense, which can exceed these estimates. Your landlord may also cover some of the leasehold improvement costs. The low range of our estimates assume that you obtain a tenant improvement allowance or that your landlord agrees to conduct a large portion of your buildout. One of these arrangements may or may not be available through your landlord.

If you operate under our Non-Traditional Model, the cost of your leasehold improvements may be lower than the traditional model since you may not need to make as many, or any, improvements. The low end of the range for the Non-Traditional Model assumes you already have a commercial kitchen, suitable equipment necessary to prepare all items on our menu, and a suitable serving counter.

- ⁵ We require you to purchase or lease certain types of equipment in order to maintain uniformity of the product sold, to maintain the quality of the product sold, and to maintain the efficient operation of the franchise. The estimates assume you purchase all of your equipment. The total cost of the equipment will vary depending on various factors, including whether you purchase or lease the equipment, and what equipment you obtain. The estimate for furnishings for our traditional model includes the purchase of furniture for the waiting area and seating area in your Red's Savoy Location. The low end of the range for the Non-Traditional Model assumes you already have suitable equipment necessary to prepare all items on our menu, a built-out space with fixtures, and existing furnishings for a seating area if the location offers dine-in seating.
- ⁶ You must purchase or lease specified computers and related hardware for your business operations, a designated POS system, and with required third party software necessary to operate your Red's Savoy Location. The estimate includes the costs for the items that we currently require. This amount also includes the Technology Fee we estimate you will owe to us prior to your opening, and the Speedline Support Fee you will be required to pay our vendor before you open, as well as POS installation and training (but does not include electrical or low-voltage wiring to the POS system). We may periodically require franchisees to update their computer systems to our then-current standards. See Items 5 and 6, and Item 11 under the heading "Computer System" for additional information.
- ⁷ This estimate also includes your initial inventory of food, beverages, dishes, glassware, silverware, smallwares, cups, carry-out wrappers, bags and pizza boxes. This estimate does not include any replacement inventory you will need after you open. Some of these items are available only from one vendor that we designate.
- ⁸ You may be required to obtain certain business licenses. You will need to confirm with the local and state government agencies what licenses are required. The cost to obtain a liquor license is not included in the estimate of your initial investments, as this cost varies greatly depending on the licensing authority involved and whether a license must be purchased from a seller or governmental entity. In our experience, liquor licenses have been obtained for as little as \$100 and as much as \$50,000 or more.

This variation reflects the fact that some states issue only a limited number of new liquor licenses each year, or none at all, and you may therefore need to purchase an existing liquor license at its fair market value, which may be substantial. You must investigate the cost of obtaining a liquor license in your area and consider the costs for your area in your evaluation of this franchise.

- ⁹ You must spend at least this amount on grand opening advertising, and you must pay at least \$5,000 to us for the purchase of certain grand opening promotional materials and other items. We encourage you to spend more than this amount. Some franchisees, particularly people who sign Development Agreements to control an entire market, will spend much more on grand opening advertising because they believe they will receive a return on that investment. In some cases, if you are opening a Non-Traditional Model in a location that is heavily dependent on foot traffic and does not allow delivery, such as in an airport or stadium, we may reduce the minimum amount that you must spend on grand opening advertising by up to \$5,000.
- ¹⁰ If your location is approved by us to sell intoxicating liquors, additional insurance may be required that is not included in this estimate. The method for obtaining liquor licenses varies drastically among localities, and you are advised to consult with a competent local professional.
- ¹¹ This amount is an estimate of your initial start-up expenses during the initial three (3) months. In addition to having a reserve for unforeseen contingencies, it is estimated that you will expend this for payroll costs and the other operating costs you will incur during the first three (3) months of operating your business. These estimates do not include replacement of initial inventory and the fees you owe to us, and also do not include any owners draw amounts. These estimates assume you will work full-time at your Red's Savoy Location. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. We recommend that you have additional funds available to you to fund your business. Your costs will depend on factors such as: how much the business is staffed; your sales and management skills, experience and business acumen; local economic conditions; the local market for your product and services; the prevailing wage rate; competition; the ability to obtain favorable real estate and equipment rates; and how closely you follow our methods and procedures. No assurance can be given that these amounts will be sufficient or that substantial additional working capital will not be required.
- ¹² These figures are estimates based on our affiliates' experience in operating a full-service pizza restaurant and take-out pizza businesses in and around St. Paul, Minnesota as well as the experience of our affiliate-owned Red's Savoy Location in Edina, Minnesota, both of which operate under our traditional model. Your actual expenses of establishing and operating this business could vary significantly from these estimates, particularly if you lease rental space in a location that is more expensive than we recommend or a location that requires more extensive remodeling than we recommend, or if you operate under our Non-Traditional Model. It is possible to significantly exceed costs in any of the areas above. Neither we nor our affiliates offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your creditworthiness, your relationship with local banks, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include finance charges, interest, or debt service obligations.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Designated Suppliers

To ensure a uniform image and quality of products and services throughout the System, all food products, supplies, ingredients, kitchen equipment, other equipment, technology, furnishings, uniforms, fixtures, inventory, paper products, packaging, décor items, signs, beverages, smallwares, glassware and other items used, sold, displayed or distributed in your Red's Savoy Location (i) must comply with our methods, standards, specifications and requirements, and (ii) must be procured from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards, specifications, and requirements, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Operations Manuals or otherwise in writing. You may not purchase or lease, offer or sell any products or services, or use at your Red's Savoy Location, any products or services that we have not previously approved as meeting our standards, specifications and requirements.

You may purchase these items from any supplier that meets our standards and specifications, unless we designate one or more exclusive suppliers for an item, in which case, you must purchase the item from such exclusive supplier(s). We may designate at any time and for any reason, a single or multiple suppliers for these items and require you to purchase exclusively from the designated supplier or suppliers, which exclusive designated supplier(s) may be us or an affiliate of ours. We may disapprove of products and suppliers based on our desire to consolidate System purchases through fewer suppliers.

You must also adhere to our standards and specifications for the construction and design of the Red's Savoy Location, which will include requirements for the interior and exterior layout, signage, fixtures and trade dress including the color scheme. Exterior design and some signage requirements may not apply to Red's Savoy Locations operating under the Non-Traditional Model. We are free to modify any of our methods, standards, specifications and requirements at our discretion. These modifications will be communicated to you via our Operations Manuals or otherwise in writing. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you. You must prepare all required construction plans and specifications and ensure they comply with building codes and ordinances. If your construction plans and specifications deviate from our plans and specifications, you must obtain our approval of the changes. It is your responsibility to obtain all required licenses, permits and approvals associated with constructing and operating your Red's Savoy Location.

Since most of the items you will purchase to begin operating your business must meet our specifications, you can expect that the items you purchase that must meet our specifications will represent more than 90% of the total purchases you will make to begin operations. Once you begin operating, we expect that these items will represent approximately 75% - 90% of your total annual expenses.

As of the date of this Disclosure Document, we have seven mandatory vendors (other than us and our affiliates as described below) that you are required to use to purchase certain proprietary products and services prior to the commencement of operations of your Red's Savoy Location and on an ongoing basis. We do not expect to approve another source of supply for any of these items that we have described in this paragraph. You may not have the right to substitute any new supplier for these items, or to request us to appoint or approve any new supplier.

- (1) You must obtain the sausage, pizza sauce, jarred pizza sauce, pasta sauce, pizza boxes, cheese, dough, and other proprietary food items that we designate from a sole designated vendor;
- (2) You must obtain your POS system and integrated credit card processing and gift cards from a sole designated vendor;
- (3) If applicable, you must purchase your branded exterior signage from a vendor we require;
- (4) You must purchase your branded interior signage from a vendor that we require;
- (5) You must contract with a credit card processor that we require;
- (6) You must purchase architectural services from a vendor we require; and
- (7) You must purchase kitchen design services, equipment, and smallwares from a vendor we require.

In addition, we currently have a sole approved vendor to provide and supply you with uniforms for you and your employees that meet our brand standards.

Except for products and services available from mandatory vendors or a single designated source that we require, you may request that we consider approval of different or additional manufacturers, suppliers or products related to your Red's Savoy Location. Before giving our approval, we may ask the supplier to provide samples of materials they wish to provide to you, and we may investigate the ability of the supplier to provide materials that meet our specifications. We will charge a fee not to exceed the cost of the evaluation and testing and expenses associated with it. We will usually be able to tell you within thirty (30) days whether or not we approve the supplier, but the time period will depend upon the cooperation we receive from the supplier in responding to our questions. When looking to approve a supplier, we consider the following: (1) what area do they serve; (2) what product lines do they carry; (3) what is their sales volume; (4) what kind of buying power do they have; and (5) what kind of service standards do they offer. We may revoke approval of a supplier at any time. We will notify you in writing if we revoke approval of a previously approved supplier. None of our officers hold an interest in any of our suppliers, other than us and our affiliates.

Us and Our Affiliates as Suppliers

As indicated in Item 5, there are certain items you must purchase from us when you begin operating your business. As of the date of this Disclosure Document, they include the technology and other items included in the Technology Fee, including access to online ordering, management of our loyalty program, our online mobile app, access to our franchise management system and reporting systems and performance dashboard, maintenance of the Website, and includes the establishment of two email accounts. You must also purchase the POS installation and training from us, as well as certain materials and services for your Grand Opening Advertising Program. We and our affiliates currently are the only approved supplier of certain uniforms and branded apparel, promotional materials, menus, and other materials utilizing our Marks on an ongoing basis. We reserve the right to designate additional products or services for which we or our affiliates may be approved suppliers, or the only approved suppliers. You will pay the then-current price in effect for all purchases you make from us or our affiliates, and we expect to earn a profit on all products and services that we or our affiliates sell to you. Other than these items, we and are affiliates are not currently the approved suppliers for any items, but we and our affiliates have the right to be an approved supplier of additional items in the future.

Rebates and Allowances

In addition to the above, we and our affiliates have the right to receive payments or other benefits like rebates, discounts and allowances from authorized suppliers based upon their dealings with you and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. We do and reserve the right to receive payments from authorized suppliers that we retain as profit related to their dealings with our franchisees and the System, and suppliers may pay us based upon the quantities of products the System purchases from them. These payments will usually be based upon an amount per unit or percentage rebate, and generally range from 0% to 5% of the purchases you make from the vendor. We may receive payments from a supplier as a condition of our approval of that supplier. We do not provide any material benefits to you, such as the grant of additional franchises and/or territories, based on your use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives in our System. We have negotiated price terms with some suppliers. In addition, in the future various vendors and suppliers may contribute to the cost of any annual franchise convention for the System through rebates, contributions or purchasing booths at the convention. We negotiate supply arrangements with suppliers for the benefit of franchisees, and may continue to do so in the future.

In 2021, we received \$373,082 in revenues as the result of required purchases of products and services by franchisees, or approximately 24.2% of our total revenues in 2021 of \$1,543,188.

Other Required Purchases

Computer Systems and Required Software. We also require that you purchase, maintain and upgrade, as necessary, certain computer hardware, software and computer-related services, including but not limited to Internet service and email, which are listed in the Operations Manuals and your Franchise Agreement. We may require you to maintain the network connections that we require, which may include using an Internet Service Provider or other communications provider that we approve or designate, as well as the ability to accept major credit cards, debit cards, and other non-cash payments for customer purchases. This may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate. You must license or sub-license certain required software and digital applications from us or designated vendors. You must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We do not currently, but reserve the right to, require you to maintain support service contracts and/or maintenance service contracts from designated approved suppliers.

Lease of Premises. You must purchase or lease a retail space for your Red's Savoy Location that meets our standards and specifications. If you are operating under our Non-Traditional Model, depending on the type of location, we may allow you to use space in your existing business. We must approve your location; we have the right to review, evaluate, and approve your proposed lease before execution. We may condition our approval of any proposed lease on, among other things, the execution of certain lease terms where your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires. We may require you to deliver executed copies of the lease and any documents we require within five (5) days of receiving a request from us.

Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. You will be required to obtain proof of coverage and submit the same to us on a periodic basis. We specify the minimum amount of insurance coverage in the Operations Manual; however, you may desire to obtain greater

coverages. The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history.

During the term of your Franchise Agreement, you must maintain in force, at your sole cost and expense, minimum insurance coverage as follows: (i) general liability in the minimum amount of \$1,000,000 per occurrence, \$1,000,000 in the aggregate, including the following coverages: personal and advertising injury, medical expenses, and products/completed operation; (ii) if applicable, liquor liability (on-premises and off-premises) with limits of \$1,000,000 per occurrence, \$1,000,000 in the aggregate; (iii) workers' compensation in at least the minimum amounts required by law, (iv) automobile liability insurance (if applicable), including owned non-owned and hired vehicle coverage, (v) business interruption and extra expense insurance for actual sustained loss you sustain for 12 months, (vi) personal property insurance for full repair and replacement value of all equipment, fixtures, inventory and supplies used in your Red's Savoy Location, and (vii) any insurance required by the terms of the lease with your landlord, and if there is no such lease, fire and extended coverage insurance (including, if applicable, flood and earthquake coverage) covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Red's Savoy location or on the premises in the amount of the full replacement value of such property.

Advertising. You are also required to spend a certain amount on local advertising and promotion, and we do specify certain types of local advertising you must use to promote your business. Any local advertising must be pre-approved by us and use our then-current brand art and other brand identification standards. We currently have a required vendor for certain branded printed materials for use in local advertising, and you must purchase such local marketing items from this vendor that we require. We also offer optional local digital marketing packages you may purchase from us or from a designated vendor. We may adopt new or modify existing specifications at any time. You may not establish or maintain any Internet presence relating to or making reference to us, your Red's Savoy Location, or the Red's Savoy Pizza franchise system without our approval.

Maintenance, Service and Support Contracts. We may require you to maintain maintenance or service contracts on all equipment and machinery designated by us, and we will have the right to designate the vendors for those contracts. We may also require you to maintain contracts, or participate in any of our contracts, with third-parties offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. We have the right to specify the third parties and the required level of participation in these programs. You will be responsible for the cost of maintaining these contracts and/or participating in these programs.

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**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	Item in Disclosure Document
a. Site Selection and Acquisition/Lease	Sections 3 and 7 of Franchise Agreement	Items 7, 11, 12
b. Pre-opening purchases/leases	Sections 6, 7, 9, 10 and 13 of Franchise Agreement	Items 7, 8, 11
c. Site development and other pre-opening requirements	Sections 7 and 8 of Franchise Agreement	Items 6, 7, 11
d. Initial and ongoing training	Section 8 of Franchise Agreement	Items 5, 11
e. Opening	Section 7 of the Franchise Agreement	Items 7, 11, 12
f. Fees	Sections 2, 4, 5, 6, 8, 10 and 16 of Franchise Agreement	Items 5, 6, 7
g. Compliance with standards and policies/operating manual	Sections 6, 8, 9, 10 and 11 of Franchise Agreement	Items 8, 11
h. Trademarks and proprietary information	Sections 11 and 14 of Franchise Agreement	Items 11, 13, 14
i. Restrictions on products/services offered	Sections 6(f), 6(g), 9, 10 and 11 of Franchise Agreement	Items 8, 11, 12, 16
j. Warranty and customer service requirements	Sections 9 and 10 of Franchise Agreement	Items 11, 16
k. Territorial development and sales quotas	Sections 2 and 3 of the Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 9, 10, and 13 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7, 9, 10, 11 and 16 of Franchise Agreement	Items 8, 11
n. Insurance	Section 13 of Franchise Agreement	Items 7, 8

Obligation	Section in Agreement	Item in Disclosure Document
o. Advertising	Sections 6 and 8(f) of Franchise Agreement	Items 6, 7, 8, 11
p. Indemnification	Sections 7(h), 11(e), and 21 of Franchise Agreement	Item 6
q. Owners participation/management	Sections 8, 9, and 12(e) of Franchise Agreement	Items 11, 15
r. Records /reports	Sections 5(c) and 12 of Franchise Agreement	Item 6
s. Inspections/audits	Sections 7(d), 9(g) and 12(c)	Item 6, 8 and 11
t. Transfer	Section 16 of Franchise Agreement	Item 17
u. Renewal	Section 2(d) of Franchise Agreement	Item 17
v. Post-termination obligations	Section 15(a)(ii), 17 and 19(d) of Franchise Agreement	Item 17
w. Non-competition covenants	Section 15 of Franchise Agreement	Item 17
x. Dispute resolution	Section 20 of Franchise Agreement	Item 17
y. Other: Guarantee of Franchisee Obligations (Note 1)	Exhibit C to Franchise Agreement	Item 22

¹ If you transfer your rights and obligations under the Franchise Agreement to a corporation, limited liability company, or partnership, you, and any other owners of the entity, must sign a personal guaranty of all obligations under the Franchise Agreement and under any other agreement between us and you or between you and any of our affiliates, and agree to be bound personally by all provisions of these agreements. The personal guaranty is attached to the Franchise Agreement.

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases, or other obligations.

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

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

Pre-Opening Services

Under the Franchise Agreement: Before you open your business, we will perform the following obligations:

- 1) Designate your Designated Territory. (Franchise Agreement - Sections 2 and 3, Rider, and Exhibit A).
- 2) Consider approval of a site for your Red's Savoy Location. The selection of this site is your responsibility. However, all sites must be approved by us. Our approval of a proposed site will be based on a variety of factors, including the rent, competition, the proximity of the site to population centers and to other Red's Savoy Locations, availability of parking, traffic patterns, history of other establishments in the location, and, if you are opening a Non-Traditional Model within an existing business, the type of business and its historical performance. Although not obligated to do so, we may provide you with suggestions for sites in your Designated Territory. Our approval of a site location is not a representation or a promise that you will be successful at that location. (Franchise Agreement – Sections 3(a) and 3(b)).
- 3) At your request, if applicable we may provide you with advice related to the negotiation of a lease for your Red's Savoy Location and approve this lease if it meets our requirements. (Franchise Agreement – Section 7(a)).
- 4) If you are operating under our traditional model, provide you with a typical layout for the interior of a typical Red's Savoy location, with a set of décor specifications. We must approve your proposed layout. If you are operating under a Non-Traditional Model and you have existing space, we may not provide you with a typical layout, but may provide specifications for interior décor. (Franchise Agreement – Section 7(d)).
- 5) Provide you access to our Operations Manual, which is cloud-based, that contains mandatory and suggested specifications, standards and procedures. (Franchise Agreement – Section 8(d)). We may periodically amend or supplement our manuals. The Operations Manual is maintained digitally and is currently 353 pages. The table of contents is attached to this Disclosure Document as Exhibit E.
- 6) Provide an initial training program for you (or your Operating Partner) and your General Manager, if different than you, regarding the operation of a Red's Savoy Location using our recipes, formulas, food preparation procedures, business forms, and business policies. You (or your Operating Partner) and your General Manager are expected to attend this training program before you open your Red's Savoy Location. We will also provide this training program to other employees of yours that you bring to the initial training program as long as you pay the charges we specify for this training. However, we do not hire or otherwise train your employees. (Franchise Agreement – Section 8).
- 7) Provide you with a list of then-current designated or approved suppliers, and specifications for equipment, supplies, insurance, signage, and inventory. (Franchise Agreement – Sections 7, 9, 10, and 13). We do not provide these items directly to you. In some cases, we will specify designated

vendors and in some other cases we will provide you with names of approved suppliers for the items. We do not deliver or install these items.

- 8) Include location-specific information within our Website and location details within other electronic media we maintain, as applicable. (Franchise Agreement – Section 6(f)). Unless we otherwise approve, you may not maintain a website or other Internet presence with respect to the operation or advertisement of your Red’s Savoy Location. We also must approve any other advertising for your franchised business. (Franchise Agreement – Sections 6(e), 6(f) and 6(g)).
- 9) Install the required POS system and provide training on its use. You will be responsible for training your employees on the use of the POS system. (Franchise Agreement – Section 8(b)).
- 10) Review and approve your Grand Opening Advertising Program (which is more fully described in Item 5 of this Disclosure Document and in this Item under “Advertising”) and we may for a fee provide you with certain materials and assistance in connection with this program. (Franchise Agreement – Section 6(k)).

Under the Development Agreement: Before you open your Red’s Savoy Location:

- 1) We will approve or deny your proposed site for each Red’s Savoy Location. (Development Agreement, Section 3.6).
- 2) We will provide you with site selection guidelines, including our minimum standards for Red’s Savoy Location sites, and other site selection counseling and assistance as we deem appropriate. (Development Agreement, Section 3.6).

We are not required by the Franchise Agreement or Development Agreement to furnish any other service or assistance to you before the opening of your Red’s Savoy Location.

Post-Opening Services

During the operation of your Red’s Savoy Location, we will perform the following obligations:

- 1) Provide you access to the cloud-based Operations Manual(s), which will be updated routinely. (Franchise Agreement – Section 8(d)).
- 2) Review for approval your request to relocate your Red’s Savoy Location to a new site. (Franchise Agreement – Section 2(c)).
- 3) Maintain the Red’s Savoy Pizza Advertising Fund. (Franchise Agreement – Section 6). See below for additional information related to this Fund.
- 4) Review for approval any advertising you submit to us, and review for approval any request you submit to us to operate any electronic media. We or our affiliates may also supply certain advertising materials to you for your purchase. (Franchise Agreement – Section 6).
- 5) Host and maintain location-specific information on our Website that we operate, in our discretion, and such other internet and social media presence as we determine in our sole discretion. (Franchise Agreement – Section 6(f)).

- 6) Provide additional training and assistance that you request and we agree to provide or that we deem necessary. You will be charged an additional fee for additional training, as described in Section 8(c) of the Franchise Agreement.
- 7) We may conduct a periodic or annual convention. If we hold the convention, you (or your Operating Partner) and General Manager must attend and if any such required personnel do not attend, they will be required to schedule a time with us to review the materials presented, and pay our then-current fee to do so. (Franchise Agreement – Section 8(e)).

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of your Red's Savoy Location. As the Development Agreement relates to the development of Red's Savoy Locations, the Development Agreement does not require us to provide any other assistance or services during the operation of your Red's Savoy Location.

Site Selection

Under a Franchise Agreement

You select a site subject to our approval within a designated territory. If you have not located and we have not approved a suitable site when you sign the Franchise Agreement, we will provide you with a nonexclusive search area in which you may look for your site. You will be given up to three (3) months from the execution of the Franchise Agreement in which to find a suitable site, obtain our approval for the site, secure the site (through lease or purchase) for your Red's Savoy Location. We will not unreasonably withhold approval of a site selected by you. Our approval of a proposed site will be based on a variety of factors, including rent, competition, the proximity of the site to population centers, and to other Red's Savoy Locations, availability of parking, traffic patterns, and history of other establishments in the location. We will let you know if we approve the site within fifteen (15) days after you have given us all necessary information about the location. We do not provide you with any assistance regarding construction or remodeling or conforming to local building codes or obtaining required permits. We do not own premises or lease them to you, and except as described above, we do not negotiate your lease for you.

The typical length of time between the signing of the Franchise Agreement and the opening of your business is four (4) to eight (8) months if you are operating under our traditional model, and two (2) to eight (8) months if you are operating under our Non-Traditional Model. Factors affecting this length of time usually include how quickly you can attend our initial training program, the difficulty of obtaining a satisfactory site and negotiating a lease, how quickly you can obtain financing, how quickly you obtain any permits and variances, delivery and installation of the equipment and signs, level of leasehold improvements needed, and your personal timetable. If you do not open your Red's Savoy Location within nine (9) months after you sign the Franchise Agreement, we may terminate the Franchise Agreement. Your options for extensions to these dates are outlined in Item 5.

Under a Development Agreement

For each proposed site for a Red's Savoy to be developed under the Development Agreement, you must also submit to us a completed site approval package. We will have twenty (20) business days after we receive this package from you to approve or disapprove, in our sole discretion, the location for any Red's Savoy Locations. You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the approved site.

Under the Franchise Agreement and Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. Under the Franchise

Agreement and Development Agreement, our approval (or failure to disapprove) of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for a Red's Savoy Location or for any other purpose, or as to any expected level of sales, revenues or profits. Approval by us of the site indicates only that the site meets the minimum requirements for a Red's Savoy Location.

If you sign a Development Agreement, you must sign individual Franchise Agreements and begin operating a Red's Savoy Location under each of those agreements within the time provided for in the development schedule.

Computer Hardware and Software

We will provide you with a list of the computer equipment required for your Red's Savoy Location when you sign your Franchise Agreement. You will need to purchase a computer to operate your business. The computer must have Internet access and we recommend you include a printer with scanner capability. We do not specify any particular brand of computer hardware. If you do not have access to a computer and must purchase one or more, we estimate that the costs of your computer and related hardware and will range between \$600 and \$2,400 per computer.

You must also purchase or license software that we may require from time to time. As of the date of this Disclosure Document, you must acquire a POS system that we specify from our designated vendor. The POS system may have multiple terminals based on your location set up. You must use the POS system and we will not approve any other POS system for use in your Red's Savoy Location. Neither we, nor any affiliate, has any obligation to provide ongoing maintenance repairs, upgrades, or updates to you for the POS system, but you must pay a monthly maintenance fee to our mandatory POS system vendor. We may also require you to update your POS system during the term of your Franchise Agreement, and there are no contractual limitations on the frequency and the cost of those obligations. The cost for the purchase of this system including installation will range from \$16,000 to \$23,000 in addition to the cost of computer equipment identified above. The POS system we specify has the capacity to manage the online ordering which is mandatory under a franchise agreement. Unless otherwise agreed, you are required to offer online ordering and loyalty programs in the manner and on terms specified by us. We reserve the exclusive right to excuse or prohibit any franchisee from offering online ordering.

You must also purchase or license software that we may require from time to time. You must pay us our then-current "**Technology Fee**" for this software, which is currently \$685 per month, and includes ongoing access to our proprietary software, online ordering, access to our mobile app, management of our loyalty program, access to our reporting systems and performance dashboard, listing of your Red's Savoy Location on our Website, and includes the establishment of two (2) email accounts. Additional email accounts that you desire to add can be purchased for \$100 per year. You must begin paying the Technology Fee to us before you attend our initial training program. See Item 5. You will also need to obtain a license for QuickBooks Online, which is available on monthly subscription service at a rate that varies based on the level you choose, but for the basic services you can expect to pay approximately \$28 to \$50 per month.

Neither we, nor any affiliate or third party, has any obligation to provide ongoing maintenance repairs, upgrades, or updates to you for this software that we are aware of. We may also require you to update or update your computer system and/or software during the term of your Franchise Agreement, and there are no contractual limitations on the frequency and the cost of those obligations. There is no other annual cost of any optional or required maintenance, updating, upgrading or support contracts that we are aware of. You must grant our agents and us access to all of the records and information on your computerized point-of-sale system by direct access, by Internet access, or by such other means as we may

require. There are no contractual limitations on our rights to access this information, and we plan to use this information to assist you in tracking sales of menu items, promotional redemptions, and expense averages.

You must also, at your expense, maintain telephone and such other telecommunications or information processing equipment as we may in accordance with our then-current requirements.

Training

As described above, we provide an initial training program designed to allow you to gain practical experience in the operation and maintenance of a Red's Savoy Pizza location. Our initial training program assumes at least a minimal experience in the operation of restaurants. We reserve the right to require franchisees who lack restaurant experience to take additional training at our then-current rates. We determine the type, length, and location of the training.

We generally offer our initial training program in two phases. The first phase, our Brand and Franchise Introduction and Overview, generally occurs within two (2) weeks of your signing of the Franchise Agreement, and takes place at a location we choose for a two (2) day period in the Minneapolis-St. Paul area or virtually, or with a combination of both, to be determined in our discretion. The second phase consists of our kitchen, delivery, front of the house training, and store management tasks, and takes place at a location that we designate or virtually, or with a combination of both, to be determined in our discretion. This phase of the training is approximately three (3) to five (5) weeks long as detailed below.

As the owner of the franchise, you (or your Operating Partner) must attend both phases of this training program. If you hire a General Manager to assist in the operation of your Red's Savoy Location, that General Manager must also attend the second phase of the training program. There is no charge for you, your Operating Partner, or your General Manager to attend the initial training, but you are responsible for the compensation of your General Manager, and for all travel and living expenses you, your Operating Partner, and your General Manager incur while attending the program. If you obtain a new or a replacement General Manager, that person is required to complete the initial training program and you must pay our then-current fee to do so, which is \$2,000 as of the date of this Disclosure Document. You (or your Operating Partner) and your General Manager, if any, must attend and complete this training at least thirty (30) days prior to the opening of your Red's Savoy Location, and you may not open your Red's Savoy Location until you (or your Operating Partner) and your General Manager (if any) have successfully completed the initial training program offered by us to our satisfaction.

We provide the training periodically, but at least once per month if we have new franchisees. If at the end of the initial training, we determine in our sole discretion that you, your Operating Partner, or your General Manager require additional training, we may require you, your Operating Partner, and/or your General Manager to take such training at our then-current training rates. If you (or your Operating Partner) and your General Manager do not complete the initial training program to our satisfaction, we may terminate your Franchise Agreement.

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TRAINING PROGRAM

SUBJECT	LOCATION	APPROXIMATE DURATION
Brand and Franchise Intro and Overview	Minneapolis-St. Paul area	12 - 16 hours
Kitchen Training	Red's Savoy Location we designate (typically in the Minneapolis-St. Paul area)	40 - 80 hours
Delivery Training	Red's Savoy Location we designate (typically in the Minneapolis-St. Paul area)	8 - 16 hours
Front House Training	Red's Savoy Location we designate (typically in the Minneapolis-St. Paul area)	32 - 64 hours
Location Management Tasks	Red's Savoy Location we designate (typically in the Minneapolis-St. Paul area)	24 – 48 hours
TOTAL:		116 - 224 hours

If you have more than one Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements. The initial training program is currently administered by our Chief Executive Officer and President, Reed Daniels. Reed has worked with the System since 2012, and has been our owner, Chief Executive Officer, and President since April 2019. He is also a certified installer by the manufacturer of our required POS system. Other Red's Savoy Pizza franchisees or employees at our company-owned or franchised locations may also provide on-the-job training to you. Portions of the classroom training program may also be administered by Shelley Knaeble, our Director of Operations. She has worked with the System since November 2020, and has more than 25 years of experience in the restaurant industry. If we choose to include them the Vendor Presentation portion of the classroom training is conducted by our designated and approved vendors. We may also work with various consultants in providing the initial training program, and we have the right to have additional trainers provide assistance to you in our courses, and to change trainers. Any such additional instructors will have at least six (6) months experience with our System. We use the Operations Manuals and materials provided by suppliers as instructional materials for our training program. If you will operate a location under our Non-Traditional Model from which delivery services will not be offered (in an airport or stadium, for example), the "Delivery Training" portion of the training program may not be provided to you.

In addition to the initial training program and any additional training we may require you to complete before or after opening your Red's Savoy Location as described above, we may also offer, but not require you to take, other additional training programs or refresher courses. If you elect to participate in those additional training programs or refresher courses, or if we require you to do so, you must pay us our then-current fees and reimburse us for our costs for providing additional training. We also may hold an annual convention for all of our franchisees. If we choose to hold a convention, you (or your Operating Partner) and your General Manager must attend, or you must send a representative that we approve before the convention. If such required personnel do not attend the convention, they will be required to schedule a time with us to review the materials presented, and pay our then-current fee to do so, which is \$800 as of the date of this Disclosure Document. You are responsible for all travel and living expenses that you or your representatives incur while attending additional training and/or the convention. You must also comply with all provisions of the wage and hour laws applicable to your employees while they are being trained by us, including those requiring payment of overtime wages.

Advertising

Grand Opening Advertising Program

You must develop and implement a "Grand Opening Advertising Program" approved by us during the introductory and set-up period of your Red's Savoy Location. As part of your grand opening program, you must spend a minimum amount of \$10,000. Of that Grand Opening Spend, you must spend at least \$5,000 to purchase certain items from us, including banners, digital advertising, various print materials, and other promotions that we may require. We must review and approve your plan and materials for your Grand Opening Advertising Program, and require you to utilize such services and support as we deem appropriate to assist you in execution of your plan. In some cases, if you will be operating under our Non-Traditional Model in a location that is heavily dependent on foot traffic and/or does not allow delivery, such as in an airport or stadium, we may reduce the minimum amount that you must spend on grand opening advertising by up to \$5,000.

Advertising Fund

As discussed above, we will maintain and administer the Red's Savoy Pizza Advertising Fund (the "**Fund**"). You must contribute three percent (3%) of your Gross Revenues per month to this Fund as an "**Advertising Contribution**". We currently intend that all new franchisees will contribute at this level to the Fund. We may, in our sole discretion for business purposes, and upon thirty (30) days written notice, increase the Advertising Contribution, but in no event will such contribution exceed five percent (5%) of your Gross Revenues. We will account for these marketing contributions separately from our other funds. All Red's Savoy Locations owned by us or our affiliates will contribute at the same rate to the Fund. We will not use contributions to the Fund to pay any of our general operating expenses, except for the reasonable salaries, administrative costs, direct expenses, and overhead we incur in activities related to the administration of the Fund. The purpose of the Fund is to promote the Red's Savoy Pizza brand and the System. This means we may use money from the Fund for any purpose that promotes the name, including creating advertising materials or public relations campaigns, or to implement advertising, including advertising that may be Internet based. The media we use may be print media, electronic, or television or radio, and we may also use money from the Fund to pay for advertising initiatives, such as social media campaigns, product research and development, production materials, radio research, promotion, marketing, promotional vehicles, public relations, national, regional and/or local conventions, and telemarketing. The media coverage may be national, local or regional. It is our responsibility to determine how funds are spent. Monies from the Fund may be used to pay our affiliates who provide products or services related to advertising and promotion of the Red's Savoy Pizza brand and the System. We do not currently have any

advertising council that advises us on the use of funds in the Fund. We will not use any of the Fund for the primary purpose of helping us sell franchises, although we may use contributions to update our Website or other web pages, social media or social networking sites, which may also advertise for franchisees. We are not required to expend monies from this Fund in proportion to contributions made by businesses in any particular geographic area, nor must we spend a certain amount in any given year.

The Fund is not audited. We will provide you an annual statement of collections and expenditures upon your request. Advertising contributions not spent in one year are carried forward to be spent in future years. We have no obligation to conduct any advertising, and we may set aside a reserve or reserves for the advertising, marketing, and/or promotional programs that we may determine. In our last fiscal year, expenditures from the Fund by us were spent as follows:

Advertising Spend	61%
Production and Creative	13%
Print and Signage	6%
Research and Customer Insights	2%
Online Platform and Tools	12%
Administrative Costs	6%

Local Advertising

You must spend at least one percent (1%) of your Gross Revenues annually on local advertising (e.g., marketing, promotions, publicity, social network). We expect you to conduct your own local advertising to promote your business. We have the right to require that you provide us with proof that these funds were spent. Company or affiliate owned Red’s Savoy Locations are not required to spend any minimum percentage of their Gross Revenues on local advertising.

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You must follow the procedures provided in the Operations Manuals with respect to all advertising and promotional requirements. All local advertising must be approved by us before you use it and all material must be purchased from us or an approved vendor. We make available to you advertising materials that you can buy from us or our designated vendor at scheduled prices, and we may require you to buy these materials. These advertising materials will be prepared by us or our designated vendor. The pricing varies depending on the material that you choose to order. You must advertise your business in the advertising directories we specify, though we do not currently specify any advertising directories and we currently have no cost estimates for such advertising.

We also have optional local digital marketing packages available for purchase from us or a vendor we designate, which, as of the date of this Disclosure Document, start at a minimum of \$700 per month. At our request, you must include certain language in your local advertising materials, such as “Franchises Available” and our Website address, telephone number, social media icons, and addresses.

You must participate in any other promotional and advertising programs that we establish. You may only advertise or solicit customers within your own Designated Territory unless you have our written approval, and likewise, we will require other franchisees not to solicit customers within your Designated Territory without our written approval. We or our affiliates may advertise within your Designated Territory. If you follow our then-current policies, you may provide delivery and catering services outside of your territory only with our advanced written approval, but as of the date of this Disclosure Document, we

generally allow you to offer delivery service to homes and businesses located within a specified radius of your Red's Savoy Location.

No advertising or promotion may be conducted by you over the Internet, social media, or through other forms of electronic or digital media, whether within or outside your Designated Territory, without our express prior written consent, which we can withhold for any or no reason.

As used in the Franchise Agreement, the term "local advertising" refers to advertising and promotion related directly to your Red's Savoy Location, and unless otherwise specified, consists only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as we, in our sole discretion, may specify. Local advertising and promotion does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

We do not have local or regional advertising cooperatives franchisees must participate in or an advertising council comprised of franchisees, and we cannot require your participation in such cooperative. You must participate in all gift certificate, gift card, loyalty, promotional, and rewards programs sponsored at any time by us. There are currently no expected costs to you associated with the gift card program other than your responsibility to pay swipe fees on any gift cards purchased with credit cards, costs of the gift cards, and your obligation to give away product based on rewards your customers acquire and redeem. In addition, you are required to participate at your expense in all programs sponsored at any time by us to promote and reward the frequent and regular customers of the System.

Advisory Council

We currently have formed an advisory council made up of franchisees and franchisor representatives. Franchisees are chosen to participate in the council by us in order to ensure various franchisee viewpoints are represented. The advisory council acts in an advisory capacity only and does not have decision making authority. We reserve the right to change or dissolve it at any time. (Franchise Agreement – Section 9(z)).

ITEM 12 TERRITORY

Franchise Agreement

When you sign a Franchise Agreement, you will receive the right to operate one Red's Savoy Location. We will grant you a designated location and territorial rights, which are specified in the Franchise Agreement as your "**Franchise Location**" and "**Designated Territory**." As a result of our reserved rights described below, 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. In some cases, we may grant additional areas, which may be served from your location until we establish other locations in the area. If you have not designated the physical site for your Red's Savoy Location as of the date of the Franchise Agreement, you must obtain possession of a suitable site within three (3) months afterwards. In that case, we may identify in the Franchise Agreement a nonexclusive area within which we expect you to look for a suitable site. We may terminate the Franchise Agreement if you do not locate a site within this three (3) month period.

The criteria used for determining the boundaries of the Designated Territory may include any or all of the following: the population base; density of population; growth trends of population; apparent degree

of affluence of population; proximity of any existing Red's Savoy Locations, the density of residential and business entities; restaurant co-tenants; traffic generators; driving times; proximity to lodging facilities; the type of location or venue, and foot and vehicle traffic, if you are operating under our Non-Traditional Model; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways and underdeveloped land areas. In most cases, if you are in a metropolitan area, the Designated Territory will range from a one (1) to three (3) mile radius around your Red's Savoy Location, although this may be less in areas of high office concentration, if you are operating under our Non-Traditional Model, or if you are in a small town, the city limits of the town. If you are operating under our Non-Traditional Model, there may be circumstances (for example, a location within an airport or stadium) where the Designated Territory will be limited to the boundaries of the venue in which your Red's Savoy Location is located.

You may only operate your Red's Savoy Location from the specific location within your Designated Territory approved by us and specified in your Franchise Agreement as your Franchise Location. As described below, you may not relocate your Red's Savoy Location either within or outside of your Designated Territory or establish more than one Red's Savoy Location either within and/or outside of your Designated Territory without our prior written consent. A request for relocation must be made in writing, stating the new location, received by us at least sixty (60) days before the date of intended relocation, and be accompanied by a relocation fee of \$3,000 (the "**Relocation Fee**"). The new location must be within your Designated Territory, and it may not be located within any territory we grant to any other franchisee. We will refund the Relocation Fee to you if we do not approve your new location. In addition to the Relocation Fee, you will be responsible for any additional expenses we incur in facilitating your relocation.

As long as you are not in default under your Franchise Agreement or any other agreement you have with us or our affiliates, we will not grant to anyone else a franchise to operate, and we will not operate ourselves, a Red's Savoy Location physically located in your Designated Territory. Continuation of your Designated Territory does not depend on your maintaining minimum sales volume, market penetration, or other quota and, other than your default under the Franchise Agreement, we may not modify your Designated Territory. Outside of this restriction, we can perform or grant to third parties the right to perform any services or sell any items in or outside of your Designated Territory without compensation to you. For example, we can, and we can allow others to, operate a business that is located outside of your Designated Territory even if the business competes for customers within your Designated Territory. We also have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, temporary or mobile locations such as a food truck, or other direct marketing sales, to make sales within your Designated Territory under the Red's Savoy Pizza name or under any other name. We and our affiliates are also permitted to sell food products bearing the Red's Savoy Pizza name, or our other names and marks, at grocery locations, supermarkets, convenience locations, through mobile locations such as a food truck, and at other similar locations both within and outside of your Designated Territory. We will not pay you any compensation for soliciting or accepting customers located inside your Designated Territory, or for exercising any of the rights specified above.

We have no current plans to operate or franchise a business under a trademark different from the mark "Red's Savoy Pizza," which business will sell goods or services similar to those that are sold by you. However, we have the right to do so. Regardless of any restriction in this Item 12, we can sell our equity or assets to any third party regardless of whether the third party operates or franchises the operation of businesses in your territory that are similar to your Red's Savoy Location.

The Franchise Agreement provides that, without our prior written consent, you may not sell pizzas or related food products for delivery to locations outside of your Designated Territory, and you may not provide off-premise services, including through any mobile or temporary location(s), without our written

consent. However, with our prior written approval you may provide delivery of approved items and products from your Red's Savoy Location inside your Designated Territory subject to our policies and procedures. You may not advertise your Red's Savoy Location outside of your Designated Territory without our approval rights. If you are operating under our Non-Traditional Model, there may be circumstances (for example, a location within an airport or stadium) where you will not be allowed to offer any delivery of approved items and products.

All of your advertising must be approved by us, and you must obtain our written approval before you establish any Internet presence relating to or making reference to us, your business, or our system of operation. You do not have any options, rights of first refusal or similar rights to acquire additional franchises from us. We may not unilaterally alter your Designated Territory, and there are no minimum quotas you must meet to retain your Designated Territory. As long as your Franchise Agreement is in effect and you are in compliance with it and other agreements with us and our affiliates, you will retain the rights described in this section.

Development Agreement

If you enter into a Development Agreement, you will receive the right to develop and operate Red's Savoy Locations in an agreed upon specified geographic area. The number of locations you must open in a particular area will vary depending on the area. We will negotiate this number with you. We will designate the area at the time you sign your Development Agreement. This area is referred to in your Development Agreement as the Development Area. As long as your Development Agreement is in effect, and you are not in default under the agreement or any other agreement with us, we will not grant to anyone else a franchise to operate, and we will not operate, a Red's Savoy Location physically located in your Development Area prior to the earlier of termination or your last Red's Savoy Location to be opened under your Development Agreement. This is the only restriction on us in your Development Area. We can exercise any of the rights in your Development Agreement that are discussed above for a Designated Territory. As long as your Development Agreement is in effect, you will retain the rights we have initially given to you, even though the population of the Development Area may increase, but you must meet the development schedule contained in your Development Agreement. If you fail to meet this schedule or otherwise breach your Development Agreement, you will lose your right to continue to develop Red's Savoy Locations in your Development Area. The Development Agreement does not grant any options, rights of first refusal, or similar rights to you to acquire additional development rights in the Development Area or contiguous areas. You do not have the right to change your Development Area.


If you do not name a location, Designated Territory, or Development Area, as applicable, or if your Designated Territory or Development Area are "to be determined" you will not have exclusive rights in a territory until you name a location that is approved by us and we assign your Designated Territory and/or Development Area. In this case, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We have not yet established other franchises or company-owned or affiliate-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent. Neither we nor our affiliate has established, or presently intends to establish, other franchised or company-owned centers which sell the similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

**ITEM 13
TRADEMARKS**

The Franchise Agreement gives you the right to operate a Red’s Savoy Location under the trade names, trademarks, and service marks that we license to you. You must follow our standards when you use these marks. You cannot use any of our names or marks as part of an entity name or with modifying words, designs, or symbols, except for those we license to you. You may not use any of our names or marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”), which are the principal trademarks you will use in operating your Red’s Savoy Location:

Mark	Registration Number	Registration Date
RED’S SAVOY PIZZA	5519010	July 17, 2018
	5519126	July 17, 2018

Additionally, we have registered the following Mark on the Supplemental Register of the USPTO, which you will also use in operating your Red’s Savoy Location:

Mark	Registration Number	Registration Date
SOTA STYLE	5461126	May 1, 2018

Additionally, an application for the registration of the Mark in the following chart has been filed with the USPTO, which Mark is owned by us:

Mark	Serial Number	Application Date
PIZZA ELITE	90087908	August 2, 2020

While such application is in process, currently, we do not have a federal registration for this Mark. Therefore, this Mark does not have as many legal benefits and rights as a federally registered trademark. If our right to use a trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have filed or intend to file all required affidavits and renewals for the Marks listed above. We are not aware of any infringing uses that could materially affect your use of these marks. If you learn of an infringement of or challenge to your use of any of these marks, you must immediately notify us, and we will take the action we think is appropriate. We are not obligated, by the Franchise Agreement or otherwise, to protect your right to use any marks. However, we will protect you against claims of infringement or unfair competition from your use of marks we own or that are licensed to us as long as you are properly using them. We will have the right in this situation to take any action we think is appropriate to handle a claim.

We reserve the right to adopt new marks at any time, or to change our marks. If we adopt new marks, or change our existing marks, you must use the new or modified marks that we designate and discontinue the use of any marks we decide to change or discontinue. You must pay for all expenses incurred by you in connection with the change or modification. You agree that you will not directly or indirectly contest our rights to our marks, trade secrets, or business techniques that are a part of our business.

There are no presently effective determinations of the USPTO, trademark trial and appeal board or trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings or any pending material litigation, involving these trademarks, service marks, trade names, logotypes and commercial symbols, which are relevant to their use where the franchise business is to be located. We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks in any state in which the Red's Savoy Pizza franchise is being offered.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We have no patents or pending patents that are material to the operation of your Red's Savoy Location.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Red's Savoy Locations, including the Operations Manuals, advertising and promotional materials, menus, designs, informational brochures and flyers, and similar materials. We have not registered these materials with the United States Copyright Office.

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

We may claim copyright protection in certain techniques we create, and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them at no additional charge. Any modifications or improvements that you make to the System, including ideas, concepts, methods or techniques, will be deemed works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modifications or improvements. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, methods or techniques. All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees and advertising funds and programs of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may

periodically require that you sign a license agreement for the use of proprietary materials that we provide to you.

Confidential Information

Except for the purpose of operating a Red's Savoy Location under a Franchise Agreement, you may not communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Red's Savoy Location that may be communicated to you or that you may learn by virtue of your operation of a Red's Savoy Location. Our Operations Manuals are confidential information. If any confidential information, knowledge, or know-how constitutes a trade secret under applicable law, these restrictions will continue if and for so long as the confidential information, knowledge, or know-how is considered a trade secret. You may divulge confidential information only to those of your employees who must have access to it to operate the Red's Savoy Location. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain through publication or communication by others having the right to do so.

You must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of confidential information. In addition, we may require you, your Operating Partner, and other owners, to sign confidentiality and non-competition agreements in the form(s) approved by us which will prohibit them from directly or indirectly engaging in activities that compete with the operations of your Red's Savoy Location or any other Red's Savoy Location, or disclosing our or our affiliates' confidential and proprietary information and trade secrets. We may also require certain key employees who have received our confidential and proprietary information to enter into a confidentiality agreement. At our request, you must deliver copies of such agreements to us. These agreements must include specific identification of us as a third-party beneficiary with the independent right to enforce the covenants. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees or others.

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees. You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information. We are not required to protect or defend our copyrights or confidential information although we intend to do so when it is in the best interests of the System. We have the exclusive right to control any copyright litigation. We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you. While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manuals. You must adopt and use all additions, deletions, and changes as we direct, at your expense. At the end of the term of the Franchise Agreement, you must also deliver to us all of our confidential information and Operations Manuals in your possession.

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

You must maintain direct responsibility over your Red's Savoy Location; however, we do not require that you personally supervise the day-to-day operations of your Red's Savoy Location. Your Operating Partner or, if we approve, a General Manager who has successfully completed the initial training program facilitated by us, must actively manage your Red's Savoy Location and be on-premises at least an average of 32 hours a week, or fewer hours a week, at our discretion, if your Red's Savoy Location operates under our Non-Traditional Model and/or has limited hours of operation. Unless we have approved a General Manager to assume full-time-time responsibility for management of your Red's Savoy Location, the Operating Partner must directly supervise and be responsible for the day-to-day management and proper operation of your Red's Savoy Location, and must invest their full time and attention and devote their best efforts to the on-premises management of the Red's Savoy Location. Regardless of whether we have approved a General Manager, your Operating Partner at all times remains responsible for the day-to-day operation and management of your Red's Savoy Location. Franchisee's Operating Partner must own at least 20% of the outstanding equity interests in Franchisee, unless we otherwise agree.

We may require you to have certain manager-level employees that are not already personally bound by the Franchise Agreement, sign a confidentiality and/or nondisclosure agreement in the form(s) prescribed by us (a "**Nondisclosure Agreement**"). This Nondisclosure Agreement will prohibit them from directly or indirectly disclosing our confidential and proprietary information and trade secrets.

We may require each of your owners to personally guarantee, on a joint and several basis, your obligations to us under the Franchise Agreement. The guarantees will be in the form of the Guaranty attached to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the standard Red's Savoy Pizza menu and may not sell other menu items without our approval, which approval may be withheld in our business judgment. We may test new products or methods at company-owned or franchised units, and if we decide that the tests are successful, we may make changes in our menu. There are not any limits on our right to make changes in the food and/or beverage products contained in our standard menu.

We do not limit the customers to whom you may sell such goods or services, although you may only deliver or cater food outside of your Franchise Location as approved by us. We determine your Designated Territory at the time you sign your Franchise Agreement. Unless you are operating under our Non-Traditional Model within an existing business that we have approved, you cannot operate other businesses from your Red's Savoy Location.

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 AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement – Section 2(a)	The initial term is seven (7) years from the date of your Franchise Agreement.
	Development Agreement – Section 2.1	Expires on the date your last Red’s Savoy Location must be open under your Development Agreement.
b. Renewal or extension of the term	Franchise Agreement – Section 2(d)	You can renew for one (1) seven (7) year renewal term if you meet certain requirements.
	Development Agreement – None	You cannot renew the Development Agreement.
c. Requirements for franchisee to renew or extend	Franchise Agreement – Section 2(d)	You must give written notice of your election to renew not less than six (6) months and not more than nine (9) months before the end of the initial term, not be in default or have been in default under the Franchise Agreement or any other agreement with us or any affiliate, complete required renovation, pay all sums due, pay our renewal fee, meet current training requirements, be able to maintain possession of your site or secure and develop a suitable alternative site approved by us, and sign a release of claims. Also, you must sign a new Franchise Agreement, which may have terms and conditions that are materially different from your original Franchise Agreement.
	Development Agreement – None	No renewal rights.
d. Termination by franchisee	Franchise Agreement – Section 19(a)	You may terminate on sixty (60) days’ notice if we default and do not cure a default within ninety (90) days after receiving notice from you.

PROVISION	SECTION IN FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
	Development Agreement – None	You do not have the right to terminate the Development Agreement.
e. Termination by franchisor without cause	Franchise Agreement – None	Not applicable.
	Development Agreement - None	Not applicable.
f. Termination by franchisor with cause	Franchise Agreement – Section 19(b)	We can terminate the franchise if you default on any agreement or policy and fail to cure within the required time.
	Development Agreement – Section 4	We may terminate only if you default, which includes a default of any of your Franchise Agreements with us.
g. “Cause” defined - curable defaults	Franchise Agreement – Section 19(b)	Except for violations described in (h) below, you have thirty (30) days to cure breaches under the Franchise Agreement (subject to applicable state law that may extend this time).
	Development Agreement – Section 4	Except for violations described in (h) below, you have thirty (30) days to cure breaches under the Development Agreement (subject to applicable state law that may extend this time).
h. “Cause” defined - non-curable defaults	Franchise Agreement – Sections 3(b) and 19(b)	Non-curable defaults include failure to secure a site within three (3) months from the date of the Franchise Agreement; failure to open your Red’s Savoy Location within nine (9) months from the date of the Franchise Agreement; felony conviction; abandonment; trademark misuse; unapproved transfers; failure to comply with laws and regulations; loss of possession of business; unauthorized use or disclosure of confidential information; failure to allow audit or inspection; failure to generally pay debts as they become due or insolvency or assignment for the benefit of creditors or bankruptcy; repeated violations; operating the business in a manner that threatens imminent harm; submitting false reports or records; making of misrepresentations.

PROVISION	SECTION IN FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
	Development Agreement – Section 4.1	Non-curable defaults include felony conviction; abandonment; trademark misuse; insolvency or assignment for the benefit of creditors; bankruptcy; failure to comply with laws or regulations; unapproved transfers; consistent failure to pay third parties; signing a lease prior to approval or opening prior to signing a franchise agreement; failure to comply with the time for execution of a franchise agreement or the development schedule for Red’s Savoy Locations, material misrepresentations; any other breach of the Franchise Agreement and failure to cure.
i. Franchisee’s obligation on termination/non-renewal	Franchise Agreement – Sections 14, 15, and 19(d)	You must discontinue use of all trade names, trademarks, service marks, signs, colors, structures, forms of advertising, use of our manuals and rules. You must discontinue use of printed goods with our marks or trade names, and you must return all manuals, bulletins and other supplied to you by us. You must pay any amounts due plus those that would be due during the lesser of three (3) years or expiration of the term. You must transfer to us certain listings, websites, domain names and social media sites. You must maintain all confidential information. Your activities remain restricted by non-competition covenants (see <i>r</i> below).
	Development Agreement – Section 5	You must pay all sums owing to us. You must continue to operate your Red’s Savoy Locations in accordance with the applicable Franchise Agreement (unless that Franchisee Agreement is also terminated).
j. Assignment of contract by franchisor	Franchise Agreement – Section 16(a); Development Agreement – Section 7.1	There is no restriction on our right to assign.
k. “Transfer” by franchisee – defined	Franchise Agreement – Section 16(b)	Includes transfer, assignment, sale, encumbrance, lease or other conveyance of contract, sale, transfer of business, or transfer of ownership in you or its owners.

PROVISION	SECTION IN FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
	Development Agreement – Section 7.2	Includes a sale, assignment, lease, gift, pledge, mortgage or any other encumbrances, transfer by bankruptcy, judicial order, or operation of law, merger, consolidation, share exchange, of an interest in the Development Agreement, a material portion of Franchisee’s assets, or any interest in the Franchisee. This includes the termination of involvement by one principal of two principals that signed the agreement as franchisee.
l. Franchisor approval of transfer by franchisee	Franchise Agreement – Section 16(c); Development Agreement – Section 7.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Franchise Agreement – Section 16(c)	New franchisee must qualify; you pay our transfer fee (see Item 6); you pay us, our affiliates, and third party vendors all amounts due and submit all required reports; transferee signs our then-current franchise agreement and other documents; transferee agrees to upgrade and remodel the location within a specified timeframe; you sign a release of any claims you have against us, subordinate amounts due to you, and indemnify us for claims brought by the transferee.
	Development Agreement – Section 7.2	You must transfer all of your rights and interests under all Franchise Agreements for Red’s Savoy Locations you operate in the Development Area to the same transferee. The assignment, terms and conditions of the last Franchise Agreement you signed will apply.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Franchise Agreement – Section 17 Development Agreement - None	You must inform us in writing of any bona fide offer to purchase or lease your Red’s Savoy Location, and we will have thirty (30) days to give you notice that we will purchase or lease the business on the same terms – except that we may substitute cash for equivalent noncash consideration.
	Development Agreement – None	Not applicable.

PROVISION	SECTION IN FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
o. Franchisor’s option to purchase franchisee’s business	Franchise Agreement; Development Agreement - None	Not applicable.
p. Death or disability of franchisee	Franchise Agreement – Section 16(c)(ii)(i)	On death or disability, you may transfer your interests under the Franchise Agreement to your heirs, if your heirs agree in writing to assume your obligations under the Franchise Agreement and comply with our other conditions to transfer in <i>m</i> above.
	Development Agreement – Section 7.2	On death or disability, you may transfer your interests under the Development Agreement to your heirs, if your heirs agree in writing to assume your obligations under the Development Agreement and comply with our other conditions to transfer in <i>m</i> above.
q. Non-competition covenants during the term of the franchise	Franchise Agreement – Section 15	You, your General Manager, your owners, guarantors, officers, directors, partners, members, and any spouses and immediate family members of these individuals, may not own or be affiliated with a competitive business or permit any other person to operate any other business from the premises of your business or use any asset of your business in any other business. A “competitive business” is one that sells pizza products to consumers for on-site consumption, delivery or carry-out.
	Development Agreement – Section 8	Provisions of the Franchise Agreement apply.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement – Section 15	For eighteen (18) months following the termination, assignment or expiration of your Franchise Agreement, your General Manager, your owners, guarantors, officers, directors, partners, members, and any spouses and immediate family members of these individuals, may not be associated with, or in, the operation of business which offers products or services that are similar to or competitive with the pizza and related food products contained on our then-current standard menu in your Designated Territory or within ten (10) miles of any existing

PROVISION	SECTION IN FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
		company-owned or franchised Red's Savoy Location.
	Development Agreement – Section 8	Provisions of Franchise Agreement apply.
s. Modification of the agreement	Franchise Agreement – Section 23(i)	Any change in Franchise Agreement must be made by written agreement signed by both parties; provided that we can modify our Operations Manuals, policies, and other rules.
	Development Agreement – Section 8	No modifications without consent of all parties.
t. Integration/merger clause	Franchise Agreement – Section 23(c)	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises or representations (other than those in this Disclosure Document) may not be enforceable.
	Development Agreement – Section 8	Only the terms of the Development Agreement are binding (subject to state law). Any other promises or representations (other than those in this Disclosure Document) may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement – Section 20	Except for certain claims, all disputes must be first submitted to nonbinding mediation at a site selected by the mediator, and then to arbitration in Minneapolis, Minnesota, subject to state law.
	Development Agreement – Section 8	Provisions of Franchise Agreement apply.
v. Choice of forum	Franchise Agreement – Section 20(e)	Subject to mediation and arbitration requirements, litigation must be in Hennepin County, Minnesota (subject to applicable state law).
	Development Agreement – Section 8	Provisions of Franchise Agreement apply.
w. Choice of law	Franchise Agreement – Section 23(a)	Minnesota law generally applies (subject to applicable state law).

PROVISION	SECTION IN FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT	SUMMARY
	Development Agreement – Section 8	Provisions of Franchise Agreement apply.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We provide prospective franchisees with certain information regarding the historical gross revenue of our franchised and affiliate-owned locations as set forth below. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request, provided, however, that such substantiation shall not disclose the sales, expenses or cash flows of any specific franchised unit without the written authorization of the franchisee, except as required by applicable state or federal registration authorities.

FACTUAL BACKGROUND

The financial performance representations below are based on the Red’s Savoy Locations open and operating for all of 2021. All of these locations operate under our traditional models, as explained more fully below; none of them operate under our Non-Traditional Model, which we only began offering as of the date of this Disclosure Document. The financial performance of Red’s Savoy Locations operating under the Non-Traditional Model may differ substantially from the representations stated below.

The following table, based on tiers of revenue achieved, provides Gross Revenue information of thirteen (13) franchised locations, and one (1) affiliate-owned location, that were open during all of the 2021 calendar year. It does not include information on our affiliate-owned location in downtown St. Paul, Minnesota, which temporarily closed as of August 31, 2021 due to Covid-related impacts affecting that location, but which we anticipate will re-open in 2022.

The current models for Red’s Savoy Locations offer carry-out, delivery, and limited dine-in seating, although it is possible that some of our Non-Traditional Model locations may not offer delivery or any dine-

in seating. Alcohol is only available at approved locations based on site plan, layout, size, and location. Our predecessor, RSF, previously offered franchise models that differ from the current model we are offering. The prior fast casual model contained 40 to 60 seats and served beer and wine. The numbers below contain information for five (5) locations which operate on the fast-casual model, but which otherwise sell the same core products and menu items as locations in our current model. Additionally, as noted in Item 1, between September 2009 and May 2011, E&V granted a number of license agreements allowing Licensees to operate pizza restaurants under “THE ORIGINAL RED’S SAVOY PIZZA” mark. The former Licensees, now Red’s Savoy Pizza franchisees, opened with a variety of location configurations, including locations with carry-out and delivery only, but which otherwise sell the same core products and menu items as locations in our current model.

PAST PERFORMANCE OF RED’S SAVOY LOCATIONS

RANGE OF GROSS REVENUE ¹	NO. OF FRANCHISED OUTLETS IN RANGE ²	NO. OF CORPORATE OUTLETS IN RANGE ³
\$500,000 - \$600,000 ⁴	3	0
\$600,001 - \$700,000	3	0
\$700,001 - \$800,000	6	0
\$800,001 - \$900,000	0	0
\$900,001 - \$1,000,000	0	1
\$1,000,001 ⁵ +	1	0

¹ For purposes of this section, Gross Revenue includes all revenue from operating a Red’s Savoy Location (including delivery and catering charges), excluding sales or use tax and other customer refunds, credits and discounts given in good faith, and the sale of gift cards. This is the same calculation we use to calculate the Royalty Fee and other amounts under the Franchise Agreement.

² As described above, the characteristics of some of the outlets included in the table differ from the franchises now offered. These include units operating as a “fast-casual” style restaurant with additional dine-in seating, buffet, and alcohol sales. Franchises offered now include a limited amount of dine-in seating and only offer beer, wine or alcohol as approved by us.

³ This outlet is owned by our affiliate, Garrison Reed, LLC, an entity with the same ownership as the Franchisor. It is accordingly categorized as affiliate-owned outlets for the purposes of this section. This table does not include information about our affiliate-owned location in downtown St. Paul, Minnesota which temporarily closed as of August 31, 2021 due to Covid-related impacts affecting that location, but which we anticipate will re-open in 2022.

⁴ Gross Revenues for one of these locations were the lowest in the range in 2021, at \$521,079.

⁵ Gross Revenues for this location were the highest in the range in 2021, at \$1,019,399.

These figures are derived from data provided to us by our franchisees for the period indicated. The figures were not obtained from financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), but are believed to be reliable. The figures do not reflect costs of sales, operating expenses, or other costs or expenses that must be deducted from net 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 Red’s Savoy Location. Franchisees or former franchisees, if any, listed in this Disclosure Document, may be one source of this information. Other than set forth above, the Red’s Savoy

Locations reported offer substantially the same products and services to the public as you will as a franchisee operating a franchised unit.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Reed Daniels, Chief Executive Officer and President, RSP Franchise, LLC, 574 Prairie Center Drive, Suite 135-314, Eden Prairie, MN 55344, 612-839-9110, reed@savoypizza.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

Systemwide Outlet Summary for Years 2019 to 2021¹				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	14	15	+1
	2020	15	13	-2
	2021	13	15	+2
Company-Owned ²	2019	2	2	0
	2020	2	2	0
	2021	2	2	0 ³
Total Outlets	2019	16	17	+1
	2020	17	15	-2
	2021	15	17	+2

¹ All numbers are as of December 31.

² Affiliates of our predecessor, RSF, formerly operated two company-owned locations until April 2019 when we purchased certain of its assets. Our affiliate, Garrison Reed, operated two affiliate-owned centers as of December 31, 2021, which are considered company-owned for the purposes of this Item 20.

³ As of August 31, 2021, our affiliate-owned location in downtown St. Paul, Minnesota is temporarily closed but we anticipate it will continue operations in 2022.

Table No. 2

Transfers of Outlets from Franchisee to New Owners (Other than the Franchisor) for Years 2019 to 2021¹		
State	Year	Number of Transfers
Minnesota	2019	1
	2020	1
	2021	0
Totals	2019	1
	2020	1
	2021	0

¹ All numbers are as of December 31.

Table No. 3

Status of Franchised Outlets for Years 2019 to 2021^{1,2}								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Minnesota	2019	14	2	0	0	1	0	15
	2020	15	2	0	0	0	4	13
	2021	13	2	0	0	0	0	15
Total	2019	14	2	0	0	1	0	15
	2020	15	2	0	0	0	4	13
	2021	13	2	0	0	0	0	15

¹ All numbers are as of December 31.

² The names, address, and telephone numbers of these franchisees as of the date of this Disclosure Document are listed in Exhibit F-1 to this Disclosure Document.

Table No. 4

Status of Company-Owned Outlets for Years 2019 to 2021¹								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Minnesota	2019	2 ²	1	0	0	1	2 ²	2
	2020	2	1	0	0	0	1 ³	2
	2021	2	0	0	0	0	0	2 ⁴
Total	2019	2²	1	0	0	1	2²	2
	2020	2	1	0	0	0	1³	2
	2021	2	0	0	0	0	0	2⁴

¹ All numbers are as of December 31.

² These locations are affiliates of RSF, that operated as company-owned locations until we acquired substantially all of its assets in April 2019. For purposes of this Item 20, they have been considered to cease operations as company-owned outlets in 2019. One of these locations operates at 520 White Bear Ave N., St. Paul, MN 55106, telephone number 651-731-1068, and is included as opening in 2019 in the franchisee list above, and the other location formerly operated at 1642 1/2 Hastings Ave, Newport, MN 55055, telephone number 651-458-5212 but is no longer a part of the Red's Savoy Pizza System.

³ The location at 225 Central Ave. Osseo, MN 55369 was operated by our affiliate Garrison Reed until October 2020, when it was acquired by a franchisee and now operates as a franchised outlet.

⁴ As of August 31, 2021, our affiliate-owned location in downtown St. Paul, Minnesota is temporarily closed but we anticipate it will continue operations in 2022.

Table No. 5

Projected New Franchised Outlets as of December 31, 2021			
State	Franchise Agreement Signed at End of Last Fiscal Year But Outlet Not Opened	Projected New Franchised Outlets in the New Fiscal Year	Projected New Company-owned (or Affiliate-owned) Outlets in the New Fiscal Year
Iowa	0	0-1	0
Minnesota	3	2-4	0-1
Texas	0	0-1	0
Utah	0	0-1	0
Wisconsin	0	0-1	0
Total	3	2-8	0-1

These are the Red's Savoy Locations that we presently expect to open in the next year. We continue to look for franchisees in the upper Midwest as well as other regions of the U.S. and will open additional locations in these and other states in this fiscal year, if we find qualified franchisees. We may open company-owned locations during the current fiscal year.

Exhibit F-1 is a list of our franchised locations as of December 31, 2021. At your request, we will provide you with a list of the names, addresses and telephone numbers of all our franchisees before you sign the Franchise Agreement. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit F-2 lists the franchisees or area developers who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the issuance date of this Disclosure Document.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience as a franchisee in our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

**ITEM 21
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit G are copies of our audited financial statements for the fiscal years ended December 31, 2021 and 2020, and for the period April 4, 2019 through December 31, 2019. As we were formed in 2019, we do not yet have audited financial statements for our past three full fiscal years.

**ITEM 22
CONTRACTS**

The Franchise Agreement is attached as Exhibit C to this Disclosure Document. The following additional contracts or agreements are attached to the Franchise Agreement:

Exhibit	Agreement
A	Franchised Location and Designated Territory
B	Statement of Ownership
C	Personal Guaranty
D	Collateral Assignment of Telephone Numbers, Listings and Domain Names
E	Electronic Funds Authorization
F	Release
G	Non-Traditional Model Rider
H	State Specific Addenda

The Development Agreement is attached as Exhibit D to this Disclosure Document. The following additional contracts or agreements are attached to the Development Agreement:

Exhibit	Agreement
1	Transfer Forms
2	Guaranty
3	State Specific Addenda

Also attached to this Disclosure Document as Exhibit I is the Franchisee Disclosure Questionnaire, which you must complete and return to us.

**ITEM 23
RECEIPTS**

The last two pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign and date both receipts and return one to us.



EXHIBIT A

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES & AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	<p>Department of Financial Protection & Innovation</p> <p>320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677</p> <p>1455 Frazee Road, Suite 315 San Diego, CA 92108</p> <p>One Sansome Street, Ste. 600 San Francisco, CA 94104-4428</p> <p>2101 Arena Boulevard Sacramento, CA 95834</p>	<p>California Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013</p>
HAWAII	<p>Business Registration Division Department of Commerce and Consumer Affairs</p> <p>335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2744</p>	<p>Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813</p>
ILLINOIS	<p>Office of Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>Illinois Attorney General 500 South Second Street Springfield, IL 62706</p>
INDIANA	<p>Indiana Secretary of State Securities Division Franchise Section 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681</p>	<p>Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204</p>
MARYLAND	<p>Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360</p>	<p>Office of Attorney General Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p>

MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building 525 West Ottawa Street Lansing, MI 48909 (517) 335-7622	Michigan Department of Commerce Corporations, Securities & Commercial Licensing Bureau 2407 North Grand River Avenue Lansing, MI 48906
MINNESOTA	Minnesota Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, MN 55101
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol – 5th Floor, Dept. 414 Bismarck, ND 58505-0510
RHODE ISLAND	Department of Business Registration Division of Securities 1511 Pontiac Avenue John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9527	Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S. Euclid Ave., 2 nd Floor Pierre, SD 57501 (605) 773-3563	Department of Labor and Regulation Director of South Dakota Division Securities 124 S. Euclid Ave., 2 nd Floor Pierre, SD 57501

<p>VIRGINIA</p>	<p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051</p>	<p>Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219</p>
<p>WASHINGTON</p>	<p>Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8700</p>	<p>Director, Department of Financial Institutions Securities Division P. O. Box 9033 Olympia, WA 98507</p>
<p>WISCONSIN</p>	<p>Department of Financial Institutions Division of Securities 201 West Washington Avenue, Suite 300 Madison, WI 53703 (608) 266-1064</p>	<p>Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705</p>



EXHIBIT B

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA

**STATE SPECIFIC ADDENDUM
AS REQUIRED BY INDIANA LAW**

Notwithstanding anything to the contrary set forth in the RSP Franchise, LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Red's Savoy Pizza franchises offered and sold in the State of Indiana:

This Indiana Addendum is only applicable if you are a resident of Indiana or if your business will be located in Indiana.

1. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement. These provisions may not be enforceable under Indiana law.
2. Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.
3. If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Minnesota law will abrogate or reduce any of your rights as provided for under Indiana law.
4. Item 8, "Restrictions on Sources of Products and Services," is amended by the addition of the following language:

Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

5. Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
6. Although the Franchise Agreement requires arbitration to be held in the office of the American Arbitration Association closest to the location of our principal executive office, arbitration held under the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.
7. Each provision of the Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana law and Indiana Deceptive Franchise Practices Law are met independently without reference to this Addendum.

**STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE MINNESOTA FRANCHISE LAW**

Notwithstanding anything to the contrary set forth in the RSP FRANCHISE, LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Red's Savoy Pizza franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Trademarks. The following sentence is added to the end of Item 13:

“Provided you have complied with all provisions of the Area Development Agreement and Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).”

2. Renewal, Termination, Transfer and Dispute Resolution. The following is added at the end of the chart in Item 17:

“With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement and (2) consent to the transfer of the franchise not be unreasonably withheld.

Pursuant to Minn. Rules Part 2860.4400D, any general release of claims that you or a transferor may have against us or our owners, officers, managers, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Act and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. § 80C.21 and Minn. Rules Part 2860.4400J prohibit us from requiring litigation to be conducted outside the state of Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes and/or Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the state of Minnesota. Minn. Rules Part 2860.4400J states that you cannot consent to us obtaining injunctive relief. However, we may seek injunctive relief and a court will determine if a bond is required.

Minn. Stat. § 80C.17, Subd. 5, provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.”

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Franchise Disclosure Document.

**STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE NORTH DAKOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the RSP FRANCHISE, LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Red's Savoy Pizza franchises offered and sold in the State of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17c. and from any other place it appears in the Disclosure Document.

2. Item 17r. is revised to provide that covenants not to compete, such as those mentioned in Item 17r. of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.

3. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota, including courts in Minnesota. Therefore, any references and any requirements in the Disclosure Document, Franchise Agreement, and Development Agreement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

4. The franchisor and franchisee's relationship as described in the Disclosure Document, Franchise Agreement, and Development Agreement, and any claims arising from the relationship or the agreements, whether arising under the North Dakota franchise law or otherwise, will be governed by the laws of the State of North Dakota.

5. Any references in the Disclosure Document, Franchise Agreement, or Development Agreement to any requirement to consent to a waiver of trial by jury are deleted.

6. Any references in the Disclosure Document, Franchise Agreement, or Development Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

7. Any reference in the Disclosure Document, Franchise Agreement, or Development Agreement to any requirement to consent to a limitation of claims within one year is amended to read that, "the statute of limitations under North Dakota Law will apply."

8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

9. Any references in the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages are deleted.

10. Each provision of the Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment law are met independently without reference to this Addendum.

**STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE WISCONSIN FAIR DEALERSHIP LAW**

Notwithstanding anything to the contrary set forth in the RSP FRANCHISE, LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Red's Savoy Pizza franchises offered and sold in the state of Wisconsin:

The Wisconsin Addendum is only applicable if you are a resident of Wisconsin or if your business will be located in Wisconsin.

“The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.”

Each provision of the Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.



EXHIBIT C

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT, GUARANTY, AND OTHER EXHIBITS

RED'S SAVOY FRANCHISE AGREEMENT

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RED'S SAVOY PIZZA FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made effective as of the Effective Date set forth in the Rider attached to this Agreement (the “**Rider**”), by and between RSP FRANCHISE, LLC, a Minnesota limited liability company (“**we**,” “**us**,” or “**Franchisor**”), and the Person or Persons named in the Rider as Franchisee (“**you**” or “**Franchisee**”).

RECITALS:

- A. Franchisor and its predecessors have invested substantial time, effort, and money to develop certain recipes, formulas, food preparation procedures, business methods, policies, and techniques—including Franchisor’s trade secrets, proprietary and other confidential information—for operating locations selling pizza and other related menu items for on-site consumption, delivery, and carryout, and other related products and services under the trademark “**RED’S SAVOY PIZZA**” and other trademarks, service marks, and intellectual property rights (each, a “**Red’s Savoy Location**”). We grant franchises to qualified candidates for the operation of a Red’s Savoy Location. We license our trademark rights in the “**RED’S SAVOY PIZZA**” name and logo, and may in the future adopt, use, and license additional or substitute trademarks, service marks, logos, and commercial symbols in connection with the operation of Red’s Savoy Locations (collectively the “**Marks**”). Red’s Savoy Locations use our methods, procedures, standards, specifications, and Marks (all of which are collectively referred to as the “**System**”), which we may improve, further develop, or otherwise modify from time to time.
- B. The distinguishing characteristics of the System include recipes, formulas, food preparation procedures, distinctive interior design, decor, color schemes, fixtures, and furnishings; standards and specifications for products, services, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by us from time to time.
- C. You desire to enter into the business of operating a Red’s Savoy Location under the System and using the Marks, and wish to enter into this Agreement with us for that purpose, and to receive the training and other assistance provided by us in connection therewith.
- D. You acknowledge that you have had an adequate opportunity to be thoroughly advised about the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.
- E. You desire to operate a RED’S SAVOY PIZZA franchise that will conform to our uniform requirements and quality standards as we establish from time to time.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS.

For purposes of this Agreement, the terms and phrases specified below have the following meanings:

(a) “Approved Products” means pizza and other products Franchisor approves for sale from the Franchised Location.

(b) “Competitive Business” means any business that sells pizza products to consumers for on-site consumption, delivery, or carry-out.

(c) “Designated Territory” means the area surrounding the Franchised Location that is identified in the Rider and/or **Exhibit A** to this Agreement, which is also Franchisee’s delivery area.

(d) “Franchise” means the right Franchisor grants to Franchisee to use the System of Operation and the Names and Marks that Franchisor selected, used, and promoted in the operation of a retail location selling the Approved Products.

(e) “Franchise Site” means the actual site at which the Franchised Location is located as set forth in the Rider and/or **Exhibit A**.

(f) “Franchised Location” means the retail location franchised under this Agreement to operate utilizing the System of Operation and the Names and Marks.

(g) “Gross Revenues” means all revenue that Franchisee derives from operating the Franchised Location, including, but not limited to, all amounts received at or away from the Franchised Location, all delivery and catering charges, and all amounts from the redemption of gift or loyalty cards; whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, and all proceeds from business interruption insurance. “Gross Revenues” (1) excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (2) excludes the sale of gift cards, and (3) is reduced by the amount of any documented refunds, credits, and discounts the Franchisee gives to customers in good faith (if those amounts originally were included in calculating Gross Revenues). Revenue from gift cards will be recognized as Gross Revenue upon the use of the gift card to purchase goods or products.

(h) “Names and Marks” means the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos that Franchisor now or hereafter selects, uses, or promotes in connection with the System of Operation.

(i) “Operating Partner” means any individual you so designate in Exhibit B and any replacement thereof approved by Franchisor, as more fully described in this Agreement.

(j) “Operations Manual(s)” has the meaning set forth in Paragraph 8(d) of this Agreement.

(k) “POS” means the point of sale system required under this Agreement.

(l) “Red’s Savoy Location” means a pizza restaurant operating in the System of Operation.

(m) “System of Operation” means the business plans, procedures, and methods Franchisor and its affiliates developed for use in connection with the design, construction, and operation of a location selling Approved Products for on-site consumption, carryout, and delivery under the Name and Marks

defined below. The “System of Operation” includes standards, specifications, methods, procedures, recipes, formulas, food-preparation procedures, techniques, accounting systems, management systems, identification schemes, and other information about the operation of a pizza restaurant of the selected model, all of which Franchisor may change, improve, and further develop from time to time.

(n) “Term” means the period during which the rights granted by the Agreement are in effect, beginning on the Effective Date, and (unless terminated earlier under the terms and conditions of this Agreement) ending on the day before the seventh (7th) anniversary date of this Agreement, subject to the ability to renew under Section 2.

(o) “Trade Secret Food Products” means Franchisor’s specially-produced proprietary lines of pizza sauce, sausage, and other food products that it designates from time to time.

2. GRANT OF FRANCHISE/RENEWAL.

(a) Grant of Franchise. Subject to the provisions of this Agreement, Franchisor grants a Franchise to Franchisee for an initial term of seven (7) years, beginning on the date of this Agreement, to use the System of Operation and the Names and Marks in the operation of a retail location at the Franchise Site that sells Approved Products; and upon our prior written approval to deliver Approved Products from the Franchised Location at the Franchise Site throughout the delivery area. Franchisee may not operate the Franchised Location except at the Franchise Site, and may not deliver products produced at the Franchised Location or using the Name and Marks except within the Designated Territory. Franchisee covenants that it will use its best efforts to promote sales of Approved Products from its Franchised Location throughout the Designated Territory. With Franchisor’s prior written consent, Franchisee may make deliveries to customers outside of its Designated Territory if those deliveries are not to locations in the designated territory of another Red’s Savoy Location and those deliveries are made to locations located within ten (10) minutes’ drive time from the Franchised Location, as determined by Franchisor, in its sole and absolute discretion. Franchisee acknowledges that Franchisor may terminate this right at any time and will terminate this right if it grants a franchise or establishes a company-owned location that has a delivery area that includes any of these locations. The grant of a franchise under this Agreement is for a pizza restaurant.

(b) No Subfranchise Right. The rights and privileges granted to Franchisee under this Agreement are personal in nature and may not be used at any location other than at the Franchised Location. Franchisee does not have the right to delegate, subfranchise, or sublicense any of its rights under this Agreement. Without our written consent, Franchisee may not use the Franchised Location for any purpose other than the operation of a Red’s Savoy Location. Franchisee’s rights hereunder shall be limited to offering and selling products and services at the Red’s Savoy Location, and only to retail customers of the Red’s Savoy Location (the “**Premises**”); provided that upon our prior written approval, Franchisee may provide delivery of Approved Products to customers within the Designated Territory subject to Franchisor’s then-current policies and procedures. Franchisee expressly acknowledges that it may only engage in off-Premises activities within the Designated Territory and only in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish and in accordance with the requirements of this Agreement and the procedures set forth in the Operations Manual(s) and all applicable laws. Franchisee may not, without Franchisor’s prior written approval, engage in any other type of sale of, or offer to sell, or distribution of products or services, including, but not limited to: selling, distributing or otherwise providing, any products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

(c) Relocation Rights. Franchisee must obtain Franchisor’s consent before relocating its Franchised Location. The request for relocation must be made in writing, stating the new location, received

by Franchisor at least sixty (60) days before the date of intended relocation, and be accompanied by a relocation fee of \$3,000 (the “**Relocation Fee**”). The new location must be within the Designated Territory (as defined below), and it may not be located within any territory Franchisor has offered or granted to any other franchisee. Franchisee must supply Franchisor with justification for the relocation (such as expiration of an existing lease or changed demographics) and any other information Franchisor requests. This Agreement governs Franchisee’s operations at any replacement location and this Agreement will refer to any such location as the “Franchised Location.” If Franchisor approves a change in the Franchised Location’s location, Franchisor may also change the Designated Territory to conform to its then-current standards for the grant of similar territories. If Franchisor does not approve Franchisee’s relocation request, Franchisor will refund the Relocation Fee. In addition to the Relocation Fee, Franchisee will be responsible for any expenses Franchisor incurs in facilitating the relocation. Franchisee will refrain from placing “For Sale” or similar signs at or in the general vicinity of the Franchised Location and from using any words in any advertising denoting that the subject of a sale is a Red’s Savoy Location without Franchisor’s prior written approval.

(d) Renewal. Franchisee may, at its option, renew this Franchise for one (1) additional period of seven (7) years, if Franchisor is still offering franchises at that time, and subject to the following terms and conditions:

- (i) Franchisee must give Franchisor written notice of its election to renew at least six (6) months and not more than nine (9) months before the end of the then-current term. Franchisee’s failure or refusal to execute all agreements and documents within thirty (30) days after delivery to Franchisee will be deemed Franchisee’s election not to renew the Franchise.
- (ii) Franchisee must not be in default under any of this Agreement’s provisions, any amendment hereof or successor hereto, or any other agreement between Franchisor (or Franchisor’s affiliate) and Franchisee, and Franchisee will have complied with all the terms and conditions of all such agreements during the respective terms thereof.
- (iii) Franchisee will complete to Franchisor’s satisfaction the maintenance and renovation to the Franchised Location as Franchisor reasonably requires in writing.
- (iv) Franchisee will have satisfied all monetary obligations owed by Franchisee to Franchisor (or any of Franchisor’s affiliates), and will have timely met these obligations throughout the previous term.
- (v) Franchisee recognizes that the terms of franchise agreements used by Franchisor upon expiration of the Franchise’s initial Term are likely to be substantially different than the terms presently offered by Franchisor. To renew the Franchise, Franchisee must execute Franchisor’s then-current franchise agreement offered to prospective new franchisees and all other agreements and legal instruments and documents then customarily employed by Franchisor in granting Franchises to new franchisees purchasing single location Red’s Savoy franchises.
- (vi) Franchisee will have paid Franchisor a renewal fee of Five Thousand Dollars (\$5,000).
- (vii) Franchisee will comply with Franchisor’s then-current qualification and training requirements.

- (viii) Franchisee will execute a general release, in a form prescribed by Franchisor, releasing any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees.

(e) If Franchisee does not sign a new franchise agreement before this Agreement's initial Term expires, and Franchisee continues to accept this Agreement's benefits after this Agreement expires, then at Franchisor's option this Agreement will be deemed to: (i) have expired as of the date of its stated expiration, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) be continuing on a month-to-month basis (the "**Interim Period**") until one party provides the other with written notice of the party's intent to terminate the Interim Period, in which case the Interim Period will terminate (with no right to renew) thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary: (i) all Franchisee's obligations will remain in full force and effect during the Interim Period as if the Franchisee's Term had not expired; and (ii) all obligations and restrictions imposed on Franchisee upon this Agreement's expiration will be deemed to take effect upon termination of the Interim Period.

3. DESIGNATED TERRITORY.

(a) Search Area. Franchisee will have the right to operate the Franchised Location at one (1) location only. The Franchised Location will be located at a site Franchisee selects, and Franchisor approves, in the search area set forth in the Rider.

Franchisee acknowledges that Franchisor will not grant others the right to locate a retail location selling Approved Products under the Names and Marks within the foregoing area until the earlier of: (i) Franchisee's failure to meet any of the deadlines set forth in Section 3(b) below; or (ii) the opening of the Franchised Location. Upon termination of the restriction set forth in the first sentence, Franchisor may grant others the right to seek sites within the foregoing area and open its own Red's Savoy Locations in this area, and Franchisee will have no other rights in this area except for those rights explicitly granted in this Agreement.

(b) Site Selection. Franchisee acknowledges that, other than providing its criteria for site approval for the Franchised Location, Franchisor provides no site-selection assistance. To that end, Franchisor will not visit the search area and Franchisee will be responsible to identify, and ultimately acquire, an appropriate site, acceptable to Franchisor, for the Franchised Location's operation. As Franchisee identifies prospective sites, it will notify Franchisor, and Franchisor will review criteria about the prospective sites that Franchisor deems appropriate. Franchisee will assist Franchisor by providing Franchisor any information Franchisor requests about any prospective sites. Franchisor will either approve or disapprove a site within fifteen (15) days after Franchisee provides Franchisor with all information Franchisor requested about the site. Franchisee is required to find and obtain possession of a site acceptable to Franchisor within three (3) months after the Effective Date of this Agreement and Franchisor may terminate this Agreement for Franchisor's failure to meet this requirement, *provided, however*, Franchisor provides Franchisee a one-time opportunity to extend this date by two (2) months subject to Franchisee paying Franchisor an extension fee of Five Hundred Dollars (\$500).

- (i) Franchisee acknowledges and agrees Franchisor will not be responsible for Franchisee's results in operating at any particular site that Franchisor may have recommended, reviewed, or approved.
- (ii) Following Franchisor's approval of the site and after Franchisee secures the site, Franchisor will complete the Rider and Exhibit A to this Agreement, indicating the approved location for the Franchised Location and the Designated Territory.

(c) Designated Territory. During the Term, provided that Franchisee is not in default under this Agreement or any other agreement between Franchisor and Franchisee, Franchisor will not grant anyone else a Franchise to operate, and will not itself operate, a retail location selling Approved Products under the Names and Marks within the Designated Territory. Franchisee acknowledges that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth above, including, but not limited to:

- (i) Operating, or allowing others to operate, similar or identical businesses within the Designated Territory if such businesses do not operate under the Names and Marks, or operating, or allowing others to operate, a business that is physically located outside the Designated Territory even if such business competes for customers within the Designated Territory;
- (ii) Using the Names and Marks in other businesses, inside or outside of the Designated Territory;
- (iii) Selling goods and services, or granting others the right to sell goods and services, similar to or competitive with those sold by the Franchised Location (for example, without limitation, pizza, sauce, sausage, and other varieties of food), whether using the Names and Marks or other trademarks or service marks, through different distribution channels (including, without limitation, through internet, mail order, supermarket, mobile and other temporary locations, delivery, and other retail location channels), both inside and outside the Designated Territory;
- (iv) Acquiring businesses that are similar to the Franchised Location; or
- (v) Franchisor's sale of its equity or assets to any third party regardless of whether the third party operates, or franchises the operation of, businesses in the Designated Territory that are similar to the Franchised Location.

4. INITIAL FRANCHISE FEE.

In consideration for the grant of the Franchise to Franchisee, Franchisee will pay to Franchisor an Initial Franchise Fee as set forth in the Rider, payable upon execution of this Agreement. The Initial Franchise Fee will be deemed to have been earned by Franchisor at the time it is due, and, except as specifically provided in this Agreement, will not be refundable. If the Franchised Location is being opened under Franchisor's Area Development Agreement, however, Franchisee will not pay an Initial Franchise Fee.

5. FEES.

In consideration for the grant of the Franchise to the Franchisee, Franchisee will pay the following to Franchisor:

(a) Royalty Fee. On or before the tenth (10th) day of each month for the previous month, Franchisee will pay Franchisor a nonrefundable monthly fee equal to five percent (5%) of the Franchised Location's Gross Revenues in the preceding calendar month (the "**Royalty Fee**"). The obligation to pay the Royalty Fee begins on the date of this Agreement and will continue thereafter. Upon notice from Franchisor, Franchisor may require Franchisee to pay the Royalty Fee on a weekly basis during the term of this Agreement.

(b) Technology Fee. Beginning in the month in which Franchisee attends Franchisor's initial required training program (provided Franchisee must pay this fee before Franchisee attends the initial training), Franchisee will be required to pay to Franchisor (or its designee), Franchisor's then-current Technology Fee for the license and ongoing support for its proprietary software, online ordering, access to any established mobile applications, management of any loyalty program, access to Franchisor's franchise management system, reporting systems and dashboards, email hosting for up to two (2) email accounts, website maintenance, and for such other technology as Franchisor may designate or license for Franchisee's use in the Franchised Location. This Technology Fee may change from time to time. If Franchisor does not directly provide these services, Franchisee will be required to sign a separate agreement with its designated provider of these services (which may be an affiliate of Franchisor). Upon notice from Franchisor, Franchisor may require Franchisee to pay the Technology Fee on a weekly basis during the term of this Agreement.

(c) Gross Revenue Report. Franchisee agrees and acknowledges that on or before the tenth (10th) day of each month, Franchisor will determine the Franchised Location's Gross Revenues for the preceding month based on sales data from the Franchisee's POS system. Each statement of Gross Revenues must be accompanied by the Royalty Fee due for that month. The Royalty Fee is not in exchange for any particular products, services, or assistance, but instead is solely in consideration of Franchisor granting the Franchise to the Franchisee.

(d) Taxes. If any government or governmental agency imposes or levies any sales, excise, use, or privilege tax on account of any Royalty Fees or other amounts payable to Franchisor under this Agreement, Franchisee will pay Franchisor a sum equal to the amount of such tax as an additional Royalty Fee (though this provision does not apply to any federal or state income taxes imposed upon Franchisor).

(e) Method of Payment. Franchisee will maintain bank accounts as Franchisor requests. Franchisee will also give Franchisor authorization, in the form prescribed by Franchisor, for direct debits or other electronic transfers from Franchisee's accounts for all amounts owing to Franchisor or its affiliates upon establishing any bank account used for the Red's Savoy Location, but in no event later than the date Franchisee signs the lease. Franchisee will make funds available to Franchisor for withdrawal by electronic transfer on the dates and at the times Franchisor requires. If Franchisor specifies, Franchisee also authorizes Franchisor to designate a billing and payment processor to deduct the amount of all fees and other amounts Franchisee is obligated to pay Franchisor and its affiliates from any monies it collects, and to pay those fees to Franchisor and its affiliates on the due date of the fee. Franchisor will comply with all procedures Franchisor specified in this Section and the Operations Manual(s), and deliver and execute documents necessary to facilitate or accomplish payment by the method this Section describes. Franchisor may require Franchisee to pay any amounts due to Franchisor or its affiliates other than by electronic debit (*e.g.*, by check) whenever Franchisor deems appropriate, and Franchisee agrees to comply with payment instructions.

(f) Late Payment Charges. All fees or payments of any type whatsoever owed by Franchisee to Franchisor or an affiliate of Franchisor not received when due will be subject to late payment charges of the maximum rate permitted by law, not to exceed one and one-half percent (1.5%) per month.

(g) Setoff/Offset. Franchisee will not withhold or escrow any amounts due to Franchisor, or set off any such amounts against any amounts claimed to be due to Franchisee. Franchisor will have the right to offset any amounts owed by it to Franchisee by any amounts owed by Franchisee to Franchisor or an affiliate of Franchisor.

(h) Failure to Pay Royalty Fee. If Franchisor is unable to collect the full amount permitted under this Agreement by the foregoing means for any reason, Franchisee will remit the remaining amount

owing within five (5) days from notice by Franchisor, plus a late payment charge as set forth in this Agreement.

(i) Standard Default Fee. In addition to Franchisor's other rights under the law and this Agreement, if Franchisee breaches or defaults on certain provisions of this Agreement and Franchisee fails to cure the breach or default during the cure period, Franchisee will immediately on notice from Franchisor pay to Franchisor a fee of Five Hundred and no/100 dollars (\$500) per default per month until the breach or default is cured to offset Franchisor's costs incurred in addressing the default. Breaches and defaults subjecting Franchisee to this "**Standard Default Fee**" are material breaches and defaults of this Agreement and include, but are not limited to, those breaches and defaults outlined in this Agreement's Section 19(b). Franchisee must pay the Standard Default Fee immediately upon notice from Franchisor.

6. ADVERTISING AND PROMOTION.

(a) Advertising Contribution. On or before the twenty-fifth (25th) day of each month, or a later date as Franchisor determines in its sole discretion, for the prior month, Franchisee will pay Franchisor a monthly "**Advertising Contribution**" of three percent (3%) of Gross Revenue. Franchisor will deposit Advertising Contributions into the advertising fund Franchisor establishes and maintains ("**Advertising Fund**"). Upon notice from Franchisor, Franchisor may require Franchisee to pay the Advertising Contribution on a weekly basis during the term of this Agreement.

(b) Adjustment. Upon thirty (30) days written notice, Franchisor may increase the Advertising Contribution for any business purpose upon notice to Franchisee, but in no event will such Advertising Contribution exceed five percent (5%) of Gross Revenues and Franchisor will not increase such Advertising Contribution by more than one percent (1%) on an annual basis.

(c) Use of Advertising Fund. Reasonable expenditures from the Advertising Fund will be made solely to pay expenses incurred for the general promotion of the Names and Marks, including: (i) developing and producing advertising and promotional materials; (ii) costs of formulating, developing, and implementing advertising campaigns, including Internet advertising and Internet search engine campaigns, and including the development and use of social media or social networking sites; (iii) the cost of formulating, developing, and implementing promotional and public relations programs; (iv) market research; (v) initial design, and all updates and redesigns (but not administration of) Franchisor's Website; (vi) at Franchisor's option, reimbursing all or part of each franchisee's cost of promotional materials used in connection with promotional programs Franchisor authorized; and (vii) the reasonable cost of administering the Advertising Fund, and overhead allocated to employees engaged in the administration of the Advertising Fund, and overhead allocated to advertising activities. All interest, if any, earned by the Advertising Fund will be used to pay the foregoing expenses for promoting the Names and Marks before applying any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs will be within Franchisor's sole discretion. Franchisor reserves the right to engage an advertising agency that is owned by, or is an affiliate of, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency based on standard industry fees and charges. Advertising Fund expenditures will not be made for production or placement of advertising that is principally for the purpose of marketing franchise licenses, but certain of the amounts may be used to update and administer Franchisor's website and/or other web pages, social media, or social networking sites, all of which may contain a page or content marketing franchise opportunities.

(d) Local Advertising. Franchisee agrees that, in addition to the payment of the Advertising Contributions required under Section 6(a) hereof, it will spend such amount for Local Advertising as determined by Franchisee but in no event less than one percent (1%) of Gross Revenues annually.

Franchisee must proof of such local advertising expenditures upon Franchisor's request therefor. Local Advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons and expenses and costs incurred in honoring sales promotions. If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisee shall spend the amount of such deficiency during the next succeeding annual period in addition to the Local Advertising requirement for that period, or at Franchisor's election, Franchisor may spend such amounts on behalf of Franchisee and charge Franchisee for such amounts and its services in doing so. Failure to comply with this Section shall be deemed a material breach of this Agreement.

As used in this Agreement, the term "**Local Advertising**" shall refer to advertising related directly to the Franchised Location, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as we, in our sole discretion, may specify. Franchisor may provide to Franchisee, in the Operations Manual(s) or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising," including, without limitation, the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations.

(e) Before implementing any Local Advertising, Franchisee will submit to Franchisor for approval all advertising and promotional material proposed to be used in connection with the Local Advertising, and will not use any Local Advertising until it has been approved by Franchisor. In the event Franchisee uses any advertising or promotional materials not approved by Franchisor, Franchisor reserves the right to charge Franchisee a fee of Five Hundred Dollars (\$500) per day of use of unauthorized advertising or promotional materials. Franchisee will use Franchisor's then-current brand art and other brand identification standards, and Franchisee must obtain all advertising materials as required by Franchisor from Franchisor or its designated vendor. Expenditures will not be made from the Advertising Fund for the payment or reimbursement of expenses incurred in connection with Local Advertising. Franchisee acknowledges that Franchisee is solely responsible for all content of all Local Advertising and Franchisor's approval of any such Local Advertising is not a guarantee of the success of the advertising or that the content or any part thereof does not infringe on the rights of any third party. Franchisor may adopt new specifications—or modify existing specifications—at any time.

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

(i) Franchisor has the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Names and Marks, any or all of the Red's Savoy Locations operating under the System of Operation, the franchising of Red's Savoy Locations, and/or the System of Operation. Franchisor has the sole right to control all aspects of its Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor also has the right to discontinue operation of its Website.

(ii) Franchisor has the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Location, with such web

page(s) to be located within Franchisor's Website if applicable. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor has the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

- (iii) Franchisee may not establish a separate Website, without Franchisor's prior written approval (which it shall not be obligated to provide). If approved to establish a Website, Franchisee must comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of it shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval.
- (iv) Franchisor and its affiliates will have the right to sell merchandise directly to retail and/or wholesale customers via the Internet under the Names and Marks, to create a website or home page containing the Name and Marks, and the exclusive right to reserve or to use "Red's Savoy Pizza" or any derivative or related or similar domain name or e-mail address (without regard to domain name suffix).
- (v) Franchisor shall have the right to modify the provisions of this Section relating to Websites as Franchisor shall solely determine is necessary or appropriate.

(g) Online Use of Marks. Franchisee may not, without Franchisor's prior written approval, use the Names or Marks or any abbreviation or other name associated with Franchisor and/or the System of Operation as part of any email address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements, solicitations, marketing information, promotional information or any other information whatsoever regarding Red's Savoy Locations by email or any other "**Electronic Media**" without Franchisor's prior written consent and in accordance with such specific programs, policies, terms and conditions as Franchisor may from time to time establish. Electronic Media shall include, but not be limited to, blogs, microblogs, social networking sites (such as Facebook, Instagram, Twitter, TikTok, SnapChat, and LinkedIn), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds.

(h) Ownership of Advertising Plans and Materials. Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Names or Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Location or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

(i) Advertising Supplies and Materials. Franchisor, or a designated vendor, will provide Franchisee with certain advertisements and brochures that Franchisee uses that include the Names or Marks. Franchisee may not use any other advertising material, forms, samples, supplies, products, and services, except as expressly approved in writing by Franchisor. The purchase price for products, supplies, and services purchased by Franchisee will be payable no later than twenty (20) days following the invoice date.

(j) Photos of the Franchised Location. Franchisor will have the right to photograph the Franchised Location's exterior and interior and use the photographs in any advertising or promotional material. Franchisor will not be obligated to compensate Franchisee in any way for use of the Franchised Location in connection with photographing the Franchised Location. Franchisee will cooperate in securing photographs and consent from persons photographed.

(k) Grand Opening Advertising. Franchisee, at its sole expense, must develop and implement a grand opening advertising program approved by Franchisor to introduce or (if Franchisee is purchasing or converting an existing Red's Savoy Location to re-introduce) the Franchised Location. During the period of time beginning sixty (60) days before opening until sixty (60) days following the opening of the Franchised Location, Franchisee must spend at least Ten Thousand and No/100 dollars (\$10,000) on grand opening advertising. Franchisor, at its sole discretion, may provide graphic designs, layouts, print items, and other promotional items and services to Franchisee, which Franchisee must use and purchase from Franchisor.

7. LEASING/CONSTRUCTION.

(a) Lease Assistance. At Franchisee's request, Franchisor will provide advice to Franchisee in Franchisee's negotiation of a lease for operating the Franchised Location. This provision will not, however, require Franchisor to conduct negotiations on Franchisee's behalf, and Franchisor's assistance will in no way make Franchisor liable for any obligations of Franchisee under a lease, or constitute a representation regarding the lease.

(b) Lease Terms. Any lease or sublease for the premises in which the Franchised Location will be operated must include the following conditions:

- (i) That the premises will be operated only as a location operating in the System of Operation;
- (ii) Lessor will furnish to Franchisor, contemporaneously with that to Franchisee, written notice of any default in the lease and the action required to cure such default;
- (iii) Upon expiration or termination of this Agreement for any reason whatsoever, the lessor will grant Franchisor an option, for thirty (30) days thereafter, to replace Franchisee as lessee and at any time thereafter to assign its interest to Franchisor or to another franchisee of Franchisor who would then become the lessee;
- (iv) Lessor will accept Franchisor or its franchisee as a substitute under the existing terms of the lease upon notice from Franchisor that it is exercising its option to replace Franchisee as lessee;
- (v) Lessor acknowledges that, in all cases, Franchisee is solely responsible for all obligations, payments, and liabilities accruing under the lease unless and until Franchisor exercises its option to become substitute lessee and actually takes possession of the premises; and
- (vi) An acknowledgement that Franchisor is a third-party beneficiary to the lease between lessor and Franchisee, and as such, the lease for the premises may not be amended or cancelled so as to affect any of the above provisions, or the intent of

the same, without Franchisor's prior written approval, which approval will not be unreasonably withheld.

Franchisee will provide Franchisor a copy of the lease or sublease for the premises in which the Franchised Location will be operated before its execution so that Franchisor can satisfy itself that the foregoing provisions have been included in the lease or sublease. Franchisee will also provide Franchisor a copy of the lease or sublease and any amendments thereto within five (5) days of execution or amendment.

(c) Opening. Franchisee may not open the Franchised Location for business to the public until Franchisor notifies Franchisee in writing that the Franchised Location meets Franchisor's standards and specifications (although Franchisor's acceptance is not a representation or warranty, express or implied, that the Franchised Location complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of Franchisor's right to require continuing compliance with Franchisor's requirements, standards, and policies). Franchisee agrees to comply with this Section 7 and open the Franchised Location before the earlier of: (i) nine (9) months after the Effective Date, *provided, however*, Franchisor provides Franchisee a one-time opportunity to extend this date by two (2) months subject to Franchisee paying Franchisor an extension fee of Five Hundred Dollars (\$500); (ii) on or before the date specified in the lease; or (iii) on or before the date specified in any Area Development Agreement to which Franchisee and Franchisor are parties.

(d) Construction. Before commencing any construction of the Franchised Location, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

- (i) Franchisor will provide Franchisee a sample layout for the interior of a typical Red's Savoy Location, with a set of décor specifications approved by Franchisor.
- (ii) Franchisee shall employ a qualified, licensed architect or engineer who has been designated (as described below) by Franchisor to prepare, subject to Franchisor's approval, preliminary plans and specifications for site improvement and/or construction of the Franchised Location based upon prototype plans and/or specifications furnished by Franchisor. Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services to supply such services to the System. Franchisee shall employ such designated supplier(s) to prepare all designs and plans for the Franchised Location, unless Franchisee obtains Franchisor's prior written approval to use an alternative professional. Franchisee shall be solely responsible for payments for all design and architecture services. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor, firm, supplier, professional or consultant retained by Franchisee, whether or not designated by Franchisor.
- (iii) Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA, regarding the construction, design and operation of the Franchised Location. In the event Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.
- (iv) Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's

review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's design standards for Red's Savoy Locations, including such items as trade dress, presentation of Names and Marks, and the providing to the potential customer of certain products and services that are central to the functioning Red's Savoy Locations. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Franchised Location until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

- (v) Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Location and shall certify in writing to Franchisor that all such permits and certifications have been obtained.
- (vi) Franchisee shall employ a qualified licensed general contractor who has been approved or designated by Franchisor to construct the Franchised Location and to complete all improvements, which general contractor may be Franchisor or an affiliate of Franchisor. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under this Agreement. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor retained by Franchisee.
- (vii) Throughout the construction process, Franchisee shall comply with Franchisor's requirements and procedures for periodic inspections of the Premises, and shall fully cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request.
- (viii) Franchisee agrees to use in the construction and operation of the Franchised Location only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for the Franchised Location as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the Premises of the Franchised Location only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse

to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

(e) Fixtures, Leasehold Improvements and Equipment. Franchisor will provide Franchisee specifications for leasehold improvements, fixtures, and equipment for the Franchised Location. All leasehold improvements used in the Franchised Location will be constructed according to Franchisor's exact specifications in effect at the time the improvements are made. All equipment installed in the Franchised Location must also meet Franchisor's exact specifications, including brand and model number where designated. In all cases, Franchisor must approve all equipment used in the Franchised Location. Franchisor may designate specific or approved suppliers from whom such items can be purchased. If Franchisor designates a specific supplier for any items, Franchisee must purchase the items from the specific, designated supplier. Franchisee acknowledges that designated, specific suppliers may include Franchisor or its affiliates. No changes will be made to those designs, furnishings, and equipment without Franchisor's prior written approval.

(f) Exterior and Interior Signs. All signs used on or in the Franchised Location must conform to Franchisor's sign criteria at the time the signage or display is installed as to type, color, size, design, and location. Franchisor must approve all signs in writing before installation. Franchisee agrees to prominently post a sign inside the Franchised Location stating that the location is "independently owned and operated." Franchisor, at its expense, may require Franchisee to display signage advertising other Red's Savoy Locations for sale in its Franchised Location.

(g) Remodeling. Franchisee will be required to periodically make reasonable capital expenditures to remodel, modernize, and re-decorate the Franchised Location in order to maintain or improve the appearance and efficient operation of Red's Savoy Locations, to increase sales potential, or to comply with Franchisor's standards and identity. All remodeling, modernization, and redecoration of the Franchised Location must be done in accordance with the standards and specifications Franchisor prescribes from time to time and with Franchisor's prior written approval. Refurbishing may include: (a) replacement of worn out or obsolete equipment, fixtures, furniture, and signs; (b) substitution or addition of new or improved equipment, safes, fixtures, furniture, and signs; (c) redecorating; (d) repairing the Franchised Location's interior and exterior and repairing and resurfacing parking facilities; and (e) structural modifications and remodeling of the Franchised Location.

(h) Indemnification of Franchisor. Franchisee is strictly responsible for its contractors' acts or omissions in compliance with all specifications and requirements provided for by Franchisor, and Franchisor will have no responsibility for such acts or omissions. Franchisor will not be liable for any loss or damage arising from the Franchised Location's design or plan. Franchisee will indemnify Franchisor for any loss, cost, or expense, including attorneys' fees that Franchisor may sustain because of Franchisee's contractors' acts or omissions or arising out of the design or construction of the Franchised Location.

8. FRANCHISOR TRAINING AND ONGOING ASSISTANCE.

(a) Initial Training. Before the Franchised Location's opening, Franchisor will provide an initial training program at a suitable location of its choice within the United States for operations of a Red's Savoy Location ("**Initial Training Program**") for Franchisee, or its Operating Partner, and its designated General Manager of the Franchised Location (if Franchisor consents to management of the Franchised Location by a designated General Manager). Travel and living expenses, if any, incurred by Franchisee or the designated General Manager in connection with the Initial Training Program will be the Franchisee's responsibility. In general, the training program will include, and our franchisees and their managers must demonstrate skills and knowledge in, basic business procedures, equipment operation and maintenance, hiring and training of employees, reporting and accounting procedures, advertising and promotion,

operation of the POS, purchasing procedures, food preparation and presentation, food quality, kitchen and restaurant sanitation, serving and hosting techniques, food portions, food and beverage cost control, service quality, customer relations, housekeeping, security, and other business and marketing topics Franchisor selects.

- (i) Franchisee, or its Operating Partner, and the designated General Manager, if any, are required to attend and satisfactorily complete the Initial Training Program at least thirty (30) days prior to the Franchised Location's opening; provided that any designated General Manager is not required to attend the initial phase of the Initial Training Program that includes an introduction to and overview of franchising and Franchisor's brand. Franchisee may not open the Franchised Location until Franchisee, or its Operating Partner, and the designated General Manager, if any, successfully complete the Initial Training Program to Franchisor's satisfaction.
- (ii) If Franchisee desires to send additional employees to the Initial Training Program, either at the session attended by Franchisee, or at subsequent regularly-scheduled sessions, Franchisee may do so, but Franchisee must pay Franchisor's then-current charge for that program (in addition to all travel and living expenses for its employees who attend the program). If Franchisee obtains a new or replacement General Manager, that individual must complete the Initial Training Program to Franchisor's satisfaction, and Franchisee must pay Franchisor's then-current charge for the program, in addition to all travel and living expenses for the new or replacement General Manager who attends the program.
- (iii) The Initial Training Program assumes Franchisee, or its Operating Partner, has at least minimal experience in the operation of restaurants. If Franchisor determines in its sole discretion at the end of the Initial Training Program that Franchisee, or its Operating Partner, and the designated General Manager require it, Franchisor may require additional training for which Franchisee must pay Franchisor's then-current charge for that program (in addition to all travel and living expenses of its employees who attend the program) within twenty (20) days following the invoice date.
- (iv) Notwithstanding the foregoing, if this Agreement is for the operation of a second or subsequent Red's Savoy Location, Franchisee will not be required to attend, and Franchisor will not be required to provide, the Initial Training Program, and all provisions hereafter regarding the Initial Training Program, except those set forth in 8(c), will be deleted from this Agreement; provided, however, if Franchisee hires a General Manager who has not already completed Franchisor's Initial Training Program to manage the Franchised Location, that individual must successfully complete the Initial Training Program before beginning as the Franchised Location's General Manager.

(b) POS Training. Franchisor will provide a certified installer who will assist with installation of the POS system Franchisee purchases and provide at least two days' training on the POS system to Franchisee's employees. Franchisee must pay Franchisor's then-current costs for this installation and training at the time of placing the hardware order for the POS. You must also reimburse Franchisor for the travel expenses of its trainers within twenty (20) days of receiving an invoice of the amount of these expenses. These expenses are nonrefundable.

(c) Additional Training and Assistance. At Franchisee's request, or if we determine that you require more assistance or training, and at times the parties determine, Franchisor may provide additional training to Franchisee on topics Franchisee requests and to which Franchisor agrees or on topics determined by us. The training will be held at a location Franchisor determines and may be provided electronically. Franchisee must pay Franchisor our then-current per diem fee for each trainee, plus Franchisor's cost to provide such training, including without limitation our trainers' lodging, meals, and travel arrangements, and the fees and costs must be paid within twenty (20) days following the invoice date.

(d) Operations Manual(s). Franchisor will provide Franchisee access to Franchisor's cloud-based operations manual during the term of this Agreement and any other prescribed manual for use in operating the Franchised Location (the "**Operations Manual(s)**"). Franchisee will keep the Operations Manual(s) confidential and will only use the Operations Manual(s) in operating the Franchised Location. The Operations Manual(s) are not to be copied, printed, or downloaded in whole or in part without Franchisor's express written consent, will remain the property of Franchisor, and will always be kept in safekeeping. Franchisor, from time to time, may add to or modify the Operations Manual(s) to supplement or to improve the System of Operation and the contents and methods of promotion franchised hereunder. Franchisor will, in the Operations Manual(s) (or otherwise in writing as determined by Franchisor), provide Franchisee with a list of suppliers designated and/or approved by it.

(e) Conventions. Franchisor may conduct a periodic or annual convention for all RED'S SAVOY PIZZA franchisees. If Franchisor chooses to hold any such conventions, Franchisee must attend each such convention (not more than one in any calendar year) or send a representative Franchisor approves. If Franchisee does not attend the convention, Franchisee will be required to schedule a time with us to review the materials presented, and pay our then-current fee to do so within twenty (20) days following the invoice date.

(f) Advertising and Promotional Materials. Franchisor will review and have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to the terms of this agreement. If established, Franchisor will administer the General Advertising Fund as described herein.

(g) Level of Performance; Delegation. Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. In addition, Franchisor will have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, that Franchisor will be responsible for the performance of the duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated the duties (but the foregoing will not apply to an assignment by Franchisor under Section 16(a)).

(h) Notice of Deficiencies. If Franchisee believes Franchisor has failed to adequately provide any pre-opening services to Franchisee or its employees for site selection, selection and purchase of items needed to commence operations, training, or any other matter affecting the establishment of the Franchised Location, Franchisee will notify Franchisor in writing within thirty (30) days after opening the Franchised Location. Absent timely provision of such notice to Franchisor, Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

9. MENU ITEMS/OPERATION OF FRANCHISED LOCATION.

(a) Menu Items. Franchisee agrees to carry all Approved Products prescribed by Franchisor for the particular model location, and to carry no other menu items or products without Franchisor's prior

written consent. Franchisee will order such supplies designed by Franchisor only from designated vendors, and with respect to other products from designated vendors or other approved vendors selected or approved by Franchisor. Franchisee will make payments for all supplies directly to the vendors, unless otherwise instructed in writing by Franchisor. If Franchisor introduces a new menu item with the intent that the new menu item will be offered for sale by Red's Savoy Locations, then Franchisee agrees to add such new menu item to its existing menu and offer such item for sale in its Franchised Location.

(b) Point-of-Sale Materials. Franchisee will utilize only point-of-sale materials that contain the Names and Marks and that Franchisor has approved. Such point of sale materials may include, without limitation, cups, napkins, carryout bags, wrappers, pizza boxes, and other advertising materials. Franchisee will purchase these point-of-sale materials, at Franchisee's expense, from a designated vendor or vendor approved by Franchisor.

(c) Franchisee Involvement; Availability. Franchisee, or if Franchisee is an entity, an Operating Partner, must directly supervise and be responsible for the day-to-day management and proper operation of the Franchised Location and must invest their full time and attention and devote their best efforts to the on-premises management of the Franchised Location, including being on-premises at least an average of thirty-two (32) hours per week. If we waive this requirement and Franchisee (or if Franchisee is an entity, an Operating Partner) is not personally involved full-time in operating the business, Franchisee must have a General Manager who has successfully completed Franchisor's Initial Training Program operate the Franchised Location, and such General Manager must invest their full time and attention and devote their best efforts to the on-premises management of the Franchised Location, including being on-premises at least an average of thirty-two (32) hours per week. Notwithstanding the foregoing, Franchisee will at all times be held responsible for the day-to-day operation and management of the Franchised Location. Any replacement or additional General Manager(s) must complete the Initial Training Program to Franchisor's satisfaction within thirty (30) days of assuming such responsibilities. Franchisor may require Franchisee, its Operating Partner, and/or General Manager(s) to maintain specified safety certifications, and Franchisee must provide Franchisor with proof of such certifications upon Franchisor's request.

(d) Hours of Operation. Franchisee agrees to have the Franchised Location open during all minimum hours and days prescribed from time to time throughout the Term, and to have telephones answered during such pre-opening and post-opening hours as Franchisor may designate from time to time, unless Franchisor approves a different schedule in writing. If the Franchised Location is in a mall that requires different hours of operation, Franchisor agrees to adjust the hours of operation accordingly.

(e) Maintenance of High Quality Service. Franchisee will utilize its best efforts, skill, and diligence to ensure that Franchisee and Franchisee's employees and agents establish and maintain high quality service to customers. At all times, Franchisee will conduct its business in a manner that preserves and enhances the goodwill associated with the Names and Marks. If Franchisee fails to provide services that meet Franchisor's standards, specifications, or procedures, in addition to its other rights herewith, Franchisor will have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee or its employees to assure that such quality and service standards are maintained. Franchisee will pay Franchisor all of Franchisor's actual costs for any person so assigned, including wages, travel, and living expenses.

(f) Exclusive Use of the Franchised Location. During the Term, Franchisee will use the premises of the Franchised Location exclusively for the operation of the Franchised Location. Franchisee will not permit the premises of the Franchised Location to be used for any other purpose, business, activity, use, or function, unless otherwise approved in writing by Franchisor.

(g) Compliance With Specifications and Procedures. Franchisee acknowledges that the Operations Manual(s) are designed to protect Franchisor's standards and systems, and the Names and Marks, and not to control the day-to-day operation of the business. Franchisee will comply with all rules, regulations, and directives contained in this Agreement, as well as all mandatory standards, specifications, and procedures contained in the Operations Manual(s), as amended from time to time, and will adopt and adhere to Franchisor's merchandising, promotion, and advertising policies. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives including, but not limited to, changing the Franchised Location's format, décor, or image. Franchisee acknowledges that the mandatory standards, specifications, and policies Franchisor establishes are not aimed at the day-to-day operation of the Franchised Location, which will solely be within Franchisee's control, but are merely intended to preserve the goodwill of the System and Names and Marks.

(i) Periodically, as Franchisor deems appropriate, a representative may visit your Franchised Location to ensure compliance with Franchisor's required standards, specifications, and procedures. Franchisee will allow Franchisor's representative to inspect the condition and operation of the Franchised Location and all areas of the Franchised Location at any time during business hours. These inspections may include, without limitation, conducting any type of audit, survey, inspection, or review necessary to evaluate your compliance with all required payments, standards, specifications, or procedures. Franchisor may also designate an independent evaluation service to conduct a "mystery customer" quality control and evaluation program. Franchisee agrees that the Franchised Location will participate in such mystery customer program, as prescribed and required by Franchisor.

a. Franchisor will have the right to require Franchisee to maintain contracts with (or participate in any of Franchisor's contracts with), and pay the then-current charges imposed by, such inspection, audit, survey, or evaluation service with respect to inspections of the Franchised Location, and Franchisee agrees that it shall promptly pay such charges. Franchisee shall also pay Franchisor's then-current fees for any such inspection or evaluation programs or services provided by Franchisor.

b. Franchisor will provide Franchisee a copy of the report at its request. If the Franchised Location does not receive a passing score from a visit, Franchisor may conduct new inspections until Franchisee has received a passing score. Franchisee will pay Franchisor's then-current costs for each inspection.

c. Franchisor may, from time to time, make suggestions and give mandatory instructions about the operation of the Franchised Location, as Franchisor consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the System's goodwill and image.

d. Franchisee expressly agree that these visits will not imply that it is in compliance with its obligations under this Agreement or under the law or that Franchisor waives its right to require strict compliance with the terms of this Agreement or the Operations Manual(s). Furthermore, these visits will not create any responsibility or liability on Franchisor's part.

(ii) Franchisee must participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary products or

services, provided that such discounted or complimentary sales shall not be included in the Gross Revenues of the Franchised Location. Additionally, Franchisee must participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

- (iii) If Franchisee fails to maintain the premises of the Franchised Location in a condition that satisfies Franchisor's reasonable requirements, or if Franchisee otherwise fails to comply with any provision of this Agreement, Franchisor may, upon not less than three (3) days' notice to Franchisee, order or accomplish the cleaning of the premises or designate one of its representatives to assist Franchisee in fulfilling its obligations under this Agreement. Franchisee will be responsible to pay Franchisor for all costs Franchisor incurs in doing so and all fees Franchisor sets for providing assistance to Franchisee. Franchisor's action in exercising this option does not relieve Franchisee from its obligation to properly maintain the premises of the Franchised Location and to comply with the terms of this Agreement, each of which will be Franchisee's sole responsibility.

(h) Cleanliness. At all times, Franchisee will maintain the Franchised Location in a clean, sanitary, and attractive condition and in a condition that satisfies Franchisor's reasonable requirements. Franchisee agrees to permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, to enter, remain on, and inspect the Franchised Location's premises. If Franchisee fails to maintain the Franchised Location premises in a condition that satisfies Franchisor's reasonable requirements, Franchisor, upon not less than three (3) days' notice to Franchisee, may order or accomplish the cleaning of the premises, the cost of which will be charged to, and paid by, Franchisee.

(i) Alcoholic Beverages. Franchisee will not serve or sell alcoholic beverages in the Franchised Location unless Franchisee obtains (i) prior written approval from Franchisor, (ii) all required regulatory approvals, and (iii) dram shop insurance in the amount Franchisor specifies. Franchisee acknowledges that the specifications for certain location models do not contemplate alcoholic beverage service, and agrees that Franchisor may alter those specifications from time to time in its sole discretion.

(j) Computer System and POS. Franchisee agrees to obtain and use the integrated computer hardware or software Franchisor specifies, including a POS "back office" system, dedicated telephone lines, modems, printers, and other computer-related accessories and peripheral equipment (the "**Computer System**"). Franchisee will be required to use a multi-terminal POS system as Franchisor designates. Franchisor currently designates Speedline Solutions as the sole provider of POS systems. You will be required to purchase the POS system at the cost determined by the designated vendor for the POS system. Franchisor, or its affiliates or designees, will install your POS system and provide training on its use to Franchisee (or its Operating Partner) and its designated General Manager as outlined above. Franchisee will be required to pay a monthly support fee as charged by the designated vendor for the POS system. Franchisor may modify specifications for the Computer System's components. Franchisee also agrees to maintain a functioning e-mail address. Franchisor's modification of Computer System specifications or other technological developments or events might require Franchisee to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. Within sixty (60) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the Computer System components Franchisor designates and ensure that Franchisee's Computer System, as modified, is

functioning properly. Franchisor has no obligation to reimburse Franchisee for any Computer System costs. Franchisee may not use any unapproved computer software. Franchisee must give Franchisor all security access codes. Franchisee agrees that Franchisor or its affiliates may condition any license or proprietary software to Franchisee, or Franchisee's use of technology that Franchisor or its affiliates develop or maintain, on Franchisee signing the software license agreement or similar document that Franchisor or its affiliates prescribe to regulate Franchisee's use of, and Franchisor and Franchisee's respective rights and responsibilities with respect to, the software or technology. Franchisor and its affiliates may charge Franchisee other up-front and ongoing weekly or monthly fees for any proprietary software or technology that Franchisor or its affiliates license to Franchisee and for other maintenance and support services provided during the term of this Agreement. Despite the fact that Franchisee agrees to buy, use, and maintain the Computer System according to Franchisor's standards and specifications, Franchisee has sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which Franchisee's Computer System interfaces with Franchisor's and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. The Computer System will permit twenty-four (24) hours per day, seven (7) days per week electronic communications between Franchisor and Franchisee, including access to the Internet and Franchisor's then-current intranet or extranet (if applicable). Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Franchised Location at any time without regard to any expenditure limitations.

(k) Provision of Information. Franchisee acknowledges and agrees that any and all information Franchisor provides to Franchisee under this Agreement may be provided in such manner and by such media as Franchisor determines, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees Franchisor may communicate with Franchisee by fax, email, telephone, or other communications, including Franchisor's Internet-based information gateway.

(l) Taxes. Franchisee will promptly pay, when due, all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee will also secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, will pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Franchised Location. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, will Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the premises or the equipment contained in the Franchised Location.

(m) Employees. Franchisee will hire all employees of the Franchised Location, be exclusively responsible for the terms of their employment and compensation, and implement an employee-training program sufficient to ensure their performance satisfies the standards Franchisor prescribes. Franchisee will require all managers employed at the Franchised Location to complete the Initial Training Program before beginning employment with Franchisee, and, as a condition to their employment, to enter into a noncompetition and confidentiality agreement restricting disclosure of confidential information and competition with Franchisee and Franchisor to the same extent as Franchisee is restricted under this Agreement. If a violation of the noncompetition and confidentiality agreement occurs, Franchisee will take all action necessary to enforce the terms of that agreement. Franchisee agrees and acknowledges that it will be solely responsible for day-to-day operation of the Franchised Location, including without limitation, all employment matters.

(n) Equipment Maintenance. Franchisee will maintain all equipment in the Franchised Location and any vehicles used in the operation of the Franchised Location in excellent working condition. As such items become obsolete or mechanically impaired such that they require replacement, Franchisee will replace the items with the same or substantially the same types and kinds of equipment specified in the

Operations Manual(s) at the time replacement becomes necessary. All equipment used in the Franchised Location and all vehicles used in connection with the Franchised Location will meet Franchisor's specifications and will be approved by Franchisor before installation or use, as applicable. Franchisor reserves the right to require Franchisee to maintain maintenance or service contracts on all equipment and machinery designated by Franchisor, and Franchisor may designate the vendors that must be used for such contracts.

(o) Clothing. Franchisee will require all employees to wear uniforms meeting Franchisor's specifications and present a neat and clean appearance while working at the Franchised Location. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

(p) Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registration.

(q) Governmental Requirements. Franchisor and Franchisee understand and agree that the operation of the Franchised Location, maintenance of its Premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products and services therefrom may be regulated by governmental statutes and regulations. To this end, Franchisor and Franchisee agree that Franchisee owes an obligation to the patrons of the Franchised Location, Franchisor, and to itself, to fully and faithfully comply with all those applicable governing authorities, and all of the same are made a part of this Franchise Agreement as if fully set forth herein.

(r) Participation in Promotions. Franchisee shall participate in promotional programs developed by Franchisor for the System of Operation, in the manner directed by Franchisor in the Operations Manual(s) or otherwise in writing. In no way limiting the foregoing, Franchisee agrees that if required by Franchisor:

- (i) Franchisee shall participate in all programs and services for frequent customers, loyalty programs, and other categories, which may include providing discount or complimentary products or services.
- (ii) Franchisee shall sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Operations Manual(s) or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Red's Savoy Location. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fee or other contribution) Gift Cards in accordance with procedures and policies specified by Franchisor in the Operations Manual(s) or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Red's Savoy Locations and for making timely payment to Franchisor, other operators of Red's Savoy Locations, or a third-party service provider for Gift Cards issued from the Franchised Center that are honored by Franchisor or other Red's Savoy Location operators.

(s) Ongoing Upgrades. Throughout the term of this Agreement, Franchisee shall maintain all fixtures, furnishings, equipment, decor, and signs as Franchisor may prescribe from time to time in the Operations Manual(s) or otherwise in writing. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor.

(t) Refurbishment and Renovations. Without limiting the foregoing, at the request of Franchisor, but not more often than once every four (4) years, unless sooner required by Franchisee's lease, Franchisee shall materially refurbish the Premises, at its expense, to conform to the then-current Red's Savoy Locations design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Red's Savoy Locations. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and shall be completed pursuant to such standards, specifications and deadlines as Franchisor may specify.

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

(v) Obligations to Third Parties. Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

(w) Changes to the System. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System of Operation presently identified by the Names and Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System of Operation and operations of Red's Savoy Locations. Changes to the System of Operation may include, without limitation, the adoption and use of new, modified, or substituted products, services, programs, standards, policies and procedures, forms, trade dress, Trade Secret Food Products, equipment and furnishings and new techniques and methodologies, and additional or substitute trademarks, service marks and copyrighted materials. Changes to the System of Operation may further include, without limitation, abandoning the System of Operation altogether in favor of another system in connection with a merger, acquisition, other business combination; and modifying or substituting entirely the building, Premises, equipment, furnishings, signage, trade dress, Trade Secret Food Products, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operational attributes which Franchisee is required to observe hereunder. Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Franchised Location any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System of Operation, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Red's Savoy Location or the System of Operation. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such

modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

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

(y) Non-Disparagement. Franchisee shall not communicate or publish, directly or indirectly, any disparaging comments or information about Franchisor during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media, as defined herein.

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

10. EQUIPMENT/SUPPLIES/PRICING.

(a) Approved Suppliers. All food products, supplies, ingredients, kitchen equipment, other equipment, technology, furnishings, uniforms, fixtures, inventory, paper products, packaging, décor items, signs, beverages, smallwares, glassware and other items used, sold, displayed or distributed in the Franchised Location (i) must comply with Franchisor's methods, standards, specifications and requirements, and (ii) must be procured from manufacturers, distributors, and suppliers who have been approved by Franchisor in the Operations Manuals or otherwise in writing. Trade Secret Food Products are trade secrets, and therefore Franchisor will designate a specific supplier for those items. Franchisee may not order Trade Secret Food Products from any supplier other than Franchisor's designated supplier(s). Franchisor may designate at any time and for any reason, a single or multiple supplier(s) for food products, supplies, ingredients, kitchen equipment, other equipment, technology, furnishings, uniforms, fixtures, inventory, paper products, packaging, décor items, signs, beverages, smallwares, glassware and other items or services and require Franchisee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be Franchisor or an affiliate of Franchisor. If Franchisor designates itself as a supplier, Franchisor has the right to earn a profit on any items it supplies. Franchisor and its affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or the System of Operation, and may use all amounts received by it without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other System franchisees.

In the event Franchisee uses any supplier not approved by Franchisor, or offers any unapproved product or service in connection with the Franchised Location, Franchisor reserves the right to charge Franchisee a fee of Five Hundred Dollars (\$500) per day of use of the unauthorized products or services.

If Franchisee desires to purchase any services or any food products, ingredients, supplies kitchen equipment, other equipment, technology, furnishings, uniforms, fixtures, inventory, paper products, packaging, décor items, signs, beverages, smallwares, glassware and other items used, sold, displayed or distributed in the Franchised Location, from suppliers other than those previously approved by Franchisor and such items have not been designated by Franchisor to be exclusively supplied by a designated supplier(s), Franchisee shall first submit to Franchisor a written request for authorization to purchase such items, together with such information and samples as Franchisor may require. Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or suppliers' facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing, either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or distributor. A charge equal to the reasonable cost of the evaluation and testing, which may include travel expenses incurred by Franchisor, shall be paid by Franchisee. Franchisor shall, within ninety (90) days after its receipt of such request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval. Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, and/or cease to purchase from any disapproved supplier.

(b) No Warranties. Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.**

(c) Pricing. Franchisee will set its own pricing and rates for the services it offers in the Franchised Location; provided, however, Franchisor may, in the exercise of its reasonable business judgment and to the extent permitted by applicable law, establish specific prices for product and service offerings, or a range of acceptable prices, or minimum advertised pricing that, in any case, shall be adhered to by Franchisee and all other similarly situated Red's Savoy Pizza locations.

(d) Fees. Franchisor may at any time in its sole discretion, upon notice to Franchisee, modify any prices or other amounts charged by Franchisor or an affiliate for products or services, other than the Advertising Contribution, which may only be modified under Section 6(b).

11. NAMES AND MARKS.

(a) Ownership of the Marks. Franchisee acknowledges that Franchisor and its affiliates own all right, title and interest in and to the Names and Marks. Franchisee's right to use the Names and Marks is derived solely from this Agreement and is limited to conducting business at or in connection with the

Franchised Location pursuant to and in compliance with this Agreement. Franchisee's unauthorized use of any of the Names and Marks constitutes a breach of this Agreement and an infringement of Franchisor's and its affiliates' rights to the Names and Marks. This Agreement does not confer on Franchisee any goodwill or other interests in the Names and Marks. Franchisee's use of the Names and Marks and any goodwill established thereby inures to the exclusive benefit of Franchisor and its affiliates. All provisions of this Agreement applicable to the Names and Marks apply to any additional or substitute trademarks, service marks and trade dress Franchisor authorizes Franchisee to use. Franchisee agrees not to, at any time during or after the term of this Agreement, contest, or assist any other person in contesting, the validity or ownership of any of the Names and Marks.

(b) Use of the Marks. Franchisee agrees to use the Names and Marks as the sole identification of the Franchised Location and identify itself as the independent owner thereof in the manner Franchisor prescribes. Franchisee agrees to use only the Names and Marks as Franchisor prescribes in connection with the Franchised Location and the sale of authorized products and services. Franchisee may not use any Names and Marks (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including any Internet related use such as an electronic media identifier, for web sites, web pages or domain names) not expressly authorized by Franchisor in writing.

(c) Discontinuance of Use of Marks. If Franchisor decides to change, add or discontinue use of any of the Names or Marks, or to introduce additional or substitute Names or Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such change, alteration, discontinuation, addition or substitution. Franchisor shall have no liability for any loss of revenue or goodwill due to any new Name or Mark or discontinued Name or Mark.

(d) Notification of Infringements and Claims. Franchisee must notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Name or Mark, or any claim by another person of any rights in any Name or Mark. Franchisee may not communicate with any person, other than its legal counsel, and Franchisor, in connection with any such infringement, challenge or claim. Franchisor will have sole discretion to take such action as it deems appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Name or Mark. Franchisee must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of Franchisor's counsel to protect Franchisor's interests in any litigation or U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect its interests in the Names and Marks.

(e) Indemnification of Franchisee. Franchisor shall indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding arising out of its authorized use of any Name or Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs Franchisee reasonably incurs in defending any such claim brought against Franchisee, provided Franchisee has timely notified Franchisor of such claim and provided further that Franchisee and its owners and affiliates are in compliance with this Agreement and all other agreements entered into with Franchisor or any of its affiliates. At Franchisor's sole discretion, Franchisor is entitled to prosecute, defend and/or settle any proceeding arising out of Franchisee's use of any Name or Mark pursuant to this Agreement, and, if Franchisor undertakes to prosecute, defend and/or settle any such matter, Franchisor has no obligation to indemnify or reimburse Franchisee for any fees or disbursements of any legal counsel retained by Franchisee.

(f) Modification by Franchisor. Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the System, including, without limitation, modifications to the Operations Manual(s) the processes and systems to support the business, the products

and services offered for sale, the required equipment, the signage, the presentation and usage of the Names and Marks, and the adoption and use of new, modified or substituted Name or Mark or other proprietary materials. Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the System, including, without limitation the adoption of new, modified or substituted Names and Marks, as if they were part of the System as of the date of this Agreement, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the System may require.

(g) Modification by Franchisee. If Franchisee develops any new modification, concept, process, improvement, technique, or slogan (including any and all inventions, discoveries, trademarks and improvements) in the operation or promotion of the Franchised Location or to the System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information regarding, such modification, concept, process, improvement, technique, or slogan, without compensation to Franchisee. Franchisee acknowledges that any such modification, concept, process, improvement, technique, or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use and/or allow other franchisees to use the same in connection with the System or the operation of Red's Savoy Locations, without compensation to Franchisee. Franchisee shall assist Franchisor, at Franchisor's expense, in obtaining execution of all documents and taking all other actions which Franchisor may reasonably request to make possible the filing of patent applications for any such developments and to establish that Franchisor is the owner of both the developments and any patent applications made in connection with such developments.

12. CORPORATE AND FINANCIAL INFORMATION, REPORTS, INSPECTIONS AND AUDITS.

(a) Books and Records. Franchisee will maintain its books and records in the manner Franchisor reasonably requires. At its option, Franchisor may establish a uniform accounting system or a central computerized control system for use by all franchisees. If Franchisor establishes a central computerized control system, Franchisee will utilize the system and will pay to Franchisor the reasonable charges for installing the equipment and using the central computerized control system.

(b) Financial Reports. Franchisee will provide Franchisor with electronic access to information from and about the Franchised Location, including monthly and other periodic financial and sales information relating to the Franchisee and the Franchised Location as Franchisor reasonably requires from time to time. The financial and sales information will be delivered to Franchisor at the times Franchisor specifies and in the form and by the means Franchisor authorizes. Franchisee will also provide to Franchisor, within sixty (60) days following the end of each fiscal year, a balance sheet showing the Franchisee's assets and liabilities as of the end of the fiscal year (except that if Franchisee is not an entity, the balance sheet need only show assets and liabilities related to the Franchised Location), and a profit and loss statement showing the Franchised Location's results of operation for the preceding fiscal year. The financial statements will be prepared in accordance with generally accepted accounting principles, except that they may omit all footnotes that would otherwise be required by generally accepted accounting principles. Franchisor may use the financial information in any manner and for any purpose it, in its sole judgment, deems appropriate. Franchisee, and if Franchisee is an entity, the owners of Franchisee, will also submit to Franchisor copies of their annual federal, state, and city (if any), income and sales tax returns within ten (10) days after filing them.

(c) Audit Rights. Franchisor will have the right to audit or cause to be audited, at any time and without prior notice to Franchisee, all books, records, financial information, and related materials related to (i) the Franchised Location; and (ii) the Franchisee. Franchisee must provide all information and materials necessary for Franchisor to conduct its audit under this Section at Franchisee's sole expense.

Franchisor also has the right to conduct any audit or review from its headquarters, in which case Franchisee must copy and deliver to Franchisor—at Franchisor’s sole expense—all records and financial reports of the Franchised Location that Franchisor identifies. The audit will be made at Franchisor’s expense unless the audit is made necessary by Franchisee’s failure to comply with this Agreement. Further, if any audit discloses an understatement of the Gross Revenues of the Franchised Location for any period or periods, Franchisee, within ten (10) days of receipt of the audit report, will pay to Franchisor the Royalty Fee and Advertising Contributions due on the previously unreported Gross Revenues, plus interest from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1.5%) per month. In addition, if an understatement for any period equals two percent (2.0%) or more of the Gross Revenues of the Franchised Location for the period in question, Franchisee will reimburse Franchisor, within twenty (20) days following the invoice date, for the cost of the audit, including, without limitation, the charges of any independent accountant and the travel expenses, room and board, and compensation of persons Franchisor employed to conduct the audit. Franchisor’s audit rights, as set forth above, continue for twenty-four (24) consecutive months after the latter of (i) the termination or expiration of this Agreement, or (ii) the latter of the date on which Franchisee or the individual owners of Franchisee (if Franchisee is an entity) cease to operate the Franchised Location, or cease to use the Names and Marks.

(d) Intentionally omitted.

(e) Corporations, Limited Liability Companies, or Partnerships.

(i) List of Principals. If Franchisee is a corporation, limited liability company, or partnership, each owner of Franchisee, and the ownership interest of each owner in Franchisee, shall be identified in Exhibit B hereto. Franchisee shall maintain a list of all owners and immediately furnish Franchisor with an update to the information contained in owners upon any change, which shall be made only in compliance with this Agreement.

(ii) Guaranty, Indemnification, and Acknowledgment. Each owner shall execute a personal guaranty of Franchisee’s covenants and obligations under this Agreement in the form attached hereto as Exhibit C.

(iii) Corporations and Limited Liability Companies. If Franchisee or any successor to or assignee of Franchisee is a corporation or a limited liability company, Franchisee shall comply with the following requirements:

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

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

c. Franchisee shall maintain stop-transfer instructions on its records against the transfer of any equity securities of Franchisee; and each stock certificate or issued securities of Franchisee shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer

restrictions imposed by this Agreement; provided, however, that the requirements of this Section shall not apply to a publicly held corporation.

- (iv) Partnerships and Limited Liability Partnerships. If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee shall comply with the following requirements:
- a. Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Location.
 - b. Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.
 - c. The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

13. INSURANCE.

(a) Type of Coverage. At all times during this Agreement's Term (including any successor term), Franchisee will maintain in force, at its sole expense, the following types of insurance coverage in the specific amounts set forth in the Operations Manual(s): (i) general liability, including the following coverages: personal and advertising injury, medical expenses, and products/completed operation; (ii) if applicable, liquor liability (on-premises and off-premises); (iii) workers' compensation in at least the minimum amounts required by law, (iv) automobile liability insurance (if applicable), including owned non-owned and hired vehicle coverage, (v) business interruption and extra expense insurance, (vi) personal property insurance for full repair and replacement value of all equipment, fixtures, inventory and supplies used in your Red's Savoy Location, (vii) any insurance required by the terms of the lease with your landlord, and if there is no such lease, fire and extended coverage insurance (including, if applicable, flood and earthquake coverage) covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Red's Savoy location or on the premises in the amount of the full replacement value of such property, and (viii) any other insurance (including changes to the types of coverage and/or increases in the amount of coverage specified in the Operations Manual(s)) Franchisor specifies in writing from time to time, or as required by local, state, or federal law.

- (i) The insurance coverage will be maintained under one (1) or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Franchisor and insured by insurance companies rated A by Alfred M. Best & Company, Inc., with a financial size category as rated by Alfred M. Best & Company, Inc. of Class VII or higher. Franchisor may specify a designated vendor for this insurance coverage, in which case Franchisee must obtain coverage from this vendor.
- (ii) All public and product-liability and motor vehicle liability insurance policies will name Franchisor, its agents, employees, representatives, officers, directors, stockholders, members, and managers as an additional insured, even for claims regarding their sole negligence. The coverage offered to the additional insured on such liability policies will be primary coverage to any other coverage maintained by the additional insured and will not permit or require such coverage to contribute

to the payment of loss. In addition, the additional insured will also be provided the same completed operations coverage detailed under the commercial general liability coverage requirements with Franchisor. All coverage will provide that Franchisor receive ten (10) days' prior written notice of termination, expiration, reduction, or cancellation of any such policy.

- (iii) Franchisee will submit to Franchisor, annually, a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy. Franchisee's obligation to provide insurance hereunder will not be waived by any failure to provide a certificate of insurance or Franchisor's acceptance of such certificate of insurance showing coverage varying from these requirements.
- (iv) The amount of insurance required by Franchisor will not be construed to be a limitation of Franchisee's liability. The carrying of insurance will in no way be interpreted as relieving the Franchisee of any responsibility or liability under this Agreement. Franchisor may periodically modify the minimum insurance limits and require Franchisee to procure and maintain different or additional kinds of insurance to reflect changes in insurance standards, business practices, higher court awards, and other relevant circumstances.

(b) Failure to Obtain. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence of the insurance coverage, Franchisor, at its option and in addition to its other rights and remedies, may obtain the insurance coverage on Franchisee's behalf, and Franchisee will pay any premium costs Franchisor incurs on demand.

14. CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE.

(a) Maintenance of Confidence. Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System of Operations, and/or the marketing, management or operations of Red's Savoy Locations that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement, including without limitation all information contained in the Operations Manual(s). Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Location and shall implement all reasonable procedures Franchisor prescribes from time to time to prevent unauthorized use or disclosure of confidential information. Any and all information, knowledge, know-how, and techniques which Franchisee learns in connection with the System of Operations and/or the marketing, management or operations of the Franchised Location shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others. Franchisee agrees to never, directly or indirectly, engage in or abet misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act), or disclosure, divulgence, or distribution of all or any part of the System of Operation or the concepts and methods of promoting franchises hereunder. Franchisee shall promptly notify Franchisor of (i) any authorized use or disclosure of confidential information or unauthorized use of Franchisor's copyrighted materials, or (ii) any challenge to Franchisee's right to use or the ownership of any copyrighted material or confidential information.

(b) Data and Customers. In addition to the obligations set forth above, Franchisee: (a) shall not reproduce, release or in any way make available or furnish, either directly or indirectly, to any person

or entity at any time, any information concerning the customers of Franchisee under this Agreement, which may be used to solicit sales or business from such customers including, but not limited to, the type of sales or business covered by this Agreement; (b) shall protect all said customer information from disclosure, destruction, loss or theft during the term of this Agreement and until all copies of customer lists and copies of all other information concerning customers are turned over to Franchisor; (c) agrees not to use or permit to be used said information concerning Franchisee's customers in any manner except in the performance of this Agreement; and (d) shall at all times maintain any information, including lists, relating to the customers of Franchisee separate and distinct from any customer information Franchisee may maintain that is unrelated to this Agreement. In addition to the obligations set forth above, upon termination of this Agreement for any reason, Franchisee shall immediately deliver to Franchisor all copies of lists of customers and copies of all other information concerning customers, including, but not limited to, all computer generated data regarding such customers, and neither Franchisee nor its directors, officers, owners, managers, employees, successors and assigns shall use any said information concerning such customers to solicit any of such customers. All Information of the information Franchisor or its affiliates obtain from Franchisee or the Franchised Location, and all information in Franchisee's or Franchisor's records about the customers of the Franchised Location (the "**Information**") and all revenues Franchisor derives from the Information will be Franchisor's property. However, Franchisee may at any time during the term of this Agreement use it in the operation of the Franchised Location (but for no other purpose), to the extent lawful and at Franchisee's sole risk and responsibility, any information that Franchisee acquires from third parties in operating the Franchised Location, including customer data. The Information (except for information Franchisee provides to Franchisors or its affiliates about Franchisee and its affiliates, including Franchisee's respective officers, directors, shareholders, partners, or owners) will become Franchisor's property, which Franchisor may use for any reason Franchisor deems necessary or appropriate in its discretion. Franchisee hereby authorizes any software providers or other vendors to release this information to Franchisor at any time. After termination or expiration of this Agreement, Franchisee will no longer use any of the Information, except to comply with Franchisee's post-term obligations under this Agreement. Franchisee will comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional, and national requirements applicable to the Franchised Location ("**Privacy Laws**"). In addition, Franchisee will comply with Franchisor's standards and policies about the privacy and security of personal information, customer relationships, and Privacy Laws.

(c) Individual Covenants of Confidentiality. Upon Franchisor's request, Franchisee shall execute, and require its Operating Partner, other owners and manager(s) and any personnel having access to any confidential information of Franchisor to execute, covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Location. Such covenants shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Upon Franchisor's request, Franchisee shall deliver copies of such agreements to Franchisor.

(d) Remedies for Breach. Franchisee acknowledges that any failure to comply with the requirements of this Section 14 will cause Franchisor irreparable injury, and Franchisee agrees to pay, immediately upon demand by Franchisor, all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 14.

15. RESTRICTIVE COVENANTS.

(a) In-Term and Post-Term Covenants. Franchisee acknowledges Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, and trade secrets in direct competition with Franchisor. Franchisee therefore agrees that the

Franchisee (including any Franchisee entity), Franchisee's General Manager, any of Franchisee's owners, guarantors, officers, directors, partners, and managing members, and any spouses or immediate family members of all these individuals, will not:

- (i) During the franchise relationship between the parties, either directly or indirectly:
 - (a) operate, own, manage, or be employed by or consult with, any Competitive Business other than one operated under a valid franchise agreement with Franchisor; or
 - (b) operate or permit any other person or entity to operate any other business from the premises of the Franchised Location or use any asset of the Franchised Location in any other business. (For this Agreement's purposes, an adjacent facility will be considered a part of the premises of the Franchised Location unless it: (i) has an entrance, address, and telephone number separate from the Franchised Location; (ii) is separated from the Franchised Location by floor to ceiling demising walls; and (iii) has a separate cash register system for its operations.)

- (ii) For a period of eighteen (18) months following the effective date of this Agreement's termination, assignment, or expiration, either directly or indirectly:
 - (a) operate, own, be employed by, consult with, or otherwise provide services to any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, within the Designated Territory, or within a radius of ten (10) miles from the location of any other business operated under the Names and Marks that is in existence at the time of this Agreement's expiration, assignment, or termination; or
 - (b) solicit, entice, or in any other way persuade or attempt to persuade any then-current customer of the Franchised Location to do business with a party other than Franchisor or its designee for the purposes of obtaining any of the services or products provided, or offered to be provided, by Franchisee to the party during the franchise relationship created under this Agreement, except that the foregoing prohibition will not limit Franchisee from assisting the assignee in connection with the transfer of customers from the Franchisee to the assignee in the event of an assignment of this Agreement approved by Franchisor. In the event of the violation of this Section by Franchisee following termination or assignment of this Agreement, the period of time Franchisee will be required to abide by this obligation will be extended to a period of eighteen (18) months after Franchisee is no longer in default of this Section.

(b) Franchisee Acknowledgments. Franchisee acknowledges that the restrictions contained in this Section 15 are reasonable and necessary to protect the interests of Franchisor and other franchisees of Franchisor. Franchisee expressly acknowledges, for itself and each individual bound by these covenants, that Franchisee and s/he each possess skills and abilities of a general nature and have other opportunities for exploiting those skills, and that because of the limited nature of the geographic scope of the restrictions following termination, expiration, or assignment of this Agreement and the limitation of the restrictions both during the term of this Agreement and thereafter to those engaged in a similar business, the enforcement of the covenants made in this Section 15 will not deprive Franchisee (including its individual owners, if Franchisee is an entity), him or her of an ability to earn a living or engage in gainful employment. In furtherance of the promises set forth in this Section 15, Franchisee acknowledges and agrees that its owners, their spouses and other immediate family members, and managers will execute a non-compete and confidentiality agreement binding them to the covenants set forth in this Section 15. If Franchisee violates these restrictions, then in addition to damages incurred by Franchisor for which Franchisee will be liable, Franchisor will be entitled to injunctive relief to prevent continuation of such breach. For purposes of this Section 15, the term "immediate family member" means children, parents, and siblings.

16. ASSIGNMENT.

(a) By Franchisor. This Agreement is fully assignable by Franchisor, and will inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) General Prohibition on Franchisee Assignment. No Franchisee, partner (if Franchisee assigns this Agreement to a partnership), shareholder (if Franchisee assigns this Agreement to a corporation), or member (if Franchisee assigns this Agreement to a limited liability company), without Franchisor's prior written consent, by operation of law or otherwise, will sell, assign, transfer, convey, give away, lease, or encumber to any person, firm, or corporation, its interest in this Agreement or its interest in the Franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company that owns any interest in the Franchise, or its interest in the Franchised Location or the assets of the Franchised Location (a "**Transfer**"). Any purported Transfer not having the necessary consent will be null and void and will constitute a material default under this Agreement.

(c) Conditions to Franchisee Assignment. Franchisor will not unreasonably withhold its consent to any Transfer, provided the following conditions and requirements are satisfied first:

- (i) If Franchisee desires to assign or transfer all of its rights to a partnership, corporation, or limited liability company controlled by Franchisee:
 - a. The transferee will be newly organized and its charter will provide that its activities are confined exclusively to operating the Franchised Location;
 - b. Franchisee will be and will remain the owner of not less than fifty-one percent (51%) of the issued and outstanding voting stock or membership interests of the transferee corporation or limited liability company or, in the case of a partnership, of fifty-one percent (51%) of the voting control of the transferee partnership;
 - c. The individual Franchisee will remain the principal executive officer of the transferee;
 - d. The transferee will enter into a written agreement with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations hereunder;
 - e. All partners, shareholders, or members of the transferee will enter into a written agreement in a form satisfactory to Franchisor jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under this Agreement;
 - f. Each stock or membership certificate of the transferee corporation or limited liability company, or the partnership agreement of the transferee partnership, will have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;
 - g. No new voting interest in the transferee will be issued to any person or entity without obtaining Franchisor's prior written consent; and

- h. All accrued money obligations of Franchisee to Franchisor and its subsidiaries, affiliates and assigns will be satisfied before assignment or transfer.
- (ii) In the event of a proposed Transfer (other than an assignment as set forth in Subparagraph (i) above), alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring control of the Franchise created hereby or the Franchised Location, or ownership of the Franchisee:
- a. The transferee will be of good moral character and reputation and will have a good credit rating, financial capabilities, and competent business qualifications reasonably acceptable to Franchisor. Franchisee will provide Franchisor with the information it may reasonably require to make a determination about each proposed transferee;
 - b. The transferee, including all shareholders, members, and partners of the transferee, will jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, except that all pre-opening obligations of the parties, other than the obligation of the transferee to complete the initial training to Franchisor's satisfaction, will be waived, including the obligation of the transferee to pay a new Initial Franchise Fee;
 - c. If the transferee is a corporation, limited liability company, or partnership, each stock or membership certificate, or the partnership agreement, will have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;
 - d. If the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee will be issued to any person or entity without obtaining Franchisor's prior written consent;
 - e. Franchisee will have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee will pay to Franchisor a transfer fee of Five Thousand Dollars (\$5,000);
 - f. Franchisee will have executed an agreement in form satisfactory to Franchisor in which it agrees to (i) release any claims it has against Franchisor; (ii) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; (iii) indemnify Franchisor against all claims brought against Franchisor by the transferee, except for claims arising out of the franchise relationship between Franchisor and the transferee, for a period of three (3) years following the transfer; and (iv) comply with the post-term restrictions set forth in Section 15 in this Agreement;
 - g. If the transferee is a corporation, limited liability company, or partnership, all the shareholders, members, or partners of the transferee will enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement;

- h. The transferee will agree in writing to perform such maintenance, remodeling, and re-equipping of the Franchised Location that Franchisor determines is necessary to bring the Franchised Location in compliance with Franchisor's then-current standards; and
- i. If the Transfer is caused by the Franchisee's death or incapacity (or in the case of a partnership, corporation, or limited liability company, by the death or incapacity of one controlling more than forty-nine percent (49%) of the voting interest of Franchisee), the provisions of this Subparagraph (ii) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise within sixty (60) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred, or sold, and not Franchisee's heir or personal representative, must comply with the provisions of this Subparagraph (ii) as transferee.

Franchisee consents to Franchisor releasing to any proposed transferee any information concerning the Franchised Location that Franchisee has reported to Franchisor. If Franchisee assigns this Agreement to an entity that desires to sell its securities to the public, it will present an offering circular or prospectus to Franchisor for its review within a reasonable time before such offering becoming effective. Franchisee will not offer its securities by use of the name "Red's Savoy Pizza" or any derivative thereof or any name deceptively similar thereto.

17. RIGHT OF FIRST REFUSAL.

If at any time during the Term of this Agreement Franchisee receives a bona fide offer to purchase or lease the Franchised Location, and which offer Franchisee is willing to accept, Franchisee will communicate the full terms of the offer and the name of the offeror in writing to Franchisor. Franchisor may elect to purchase or lease the business on the terms set forth in the offer. If Franchisor elects to purchase or lease the business, it will give Franchisee written notice of the election within thirty (30) days after Franchisor receives Franchisee's communication of the offer. If Franchisor fails to give written notice of election within thirty (30) days, Franchisee may sell or lease to the offeror on the terms offered, subject to the provisions relating to assignment. The sale or lease must, however, be contemplated within sixty (60) days of the termination of the thirty (30) day period during which Franchisor may give written notice of election to purchase or lease; otherwise, an additional notice must be given to Franchisor and an additional option period must expire before any such transfer. If Franchisor elects to purchase or lease the business, it will have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer to purchase or lease the business and Franchisor and Franchisee will use their best efforts to complete the purchase or lease within sixty (60) days from the date of Franchisor's notice of election to purchase.

18. PRE-TERMINATION OPTIONS OF FRANCHISOR.

(a) Rights In Addition To Termination. Before this Agreement terminates, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates, or fails to comply with any of this Agreement's terms or any other agreement between Franchisor and Franchisee or any affiliate of Franchisor and Franchisee, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor will have the option to:

- (i) Remove the Franchised Location's listing from all advertising Franchisor publishes or approves;

- (ii) Remove any listing of the Franchised Location from the Red Savoy's Website and disable any link to the Franchisee Website on the Red Savoy's Website, and require Franchisee to remove or disable, or transfer to Franchisor, the Franchisee Website and/or any other Red's Savoy Website and Electronic Media;
- (iii) Prohibit Franchisee from attending any meetings, seminars, or conventions held or sponsored by Franchisor or taking place on the premises of Franchisor; and
- (iv) Suspend the provision of any or all of the services provided by Franchisor to Franchisee hereunder.

(b) Continuation of Franchisor Options. Franchisor's actions, as outlined in this Section 18, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. Franchisee acknowledges and agrees that the taking of any such actions permitted in this Section 18 will not take away from Franchisee a material portion of the significant benefits provided to Franchisee under this Agreement, and therefore will not constitute a constructive termination of this Agreement. Further, the taking of any of the actions permitted in this Section 18 will not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement or otherwise.

19. TERMINATION.

(a) By Franchisee. Franchisee may terminate this Agreement and the Franchise granted hereunder effective sixty (60) days after delivery to Franchisor of written notice of termination if Franchisee is in compliance with this Agreement and Franchisor breaches this Agreement and fails to cure the breach within ninety (90) days after written notice of the breach is delivered to Franchisor.

(b) By Franchisor Generally. In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon notice of termination to Franchisee, if Franchisee:

- (i) Fails to open the Franchised Location within the timeframe set forth in this Agreement's Section 7(c);
- (ii) Voluntarily abandons the franchise relationship;
- (iii) Is—or any of its owners, partners, or directors actively involved in the management of the Franchised Location are—convicted in a court of competent jurisdiction or plead guilty or no contest to, an offense directly related to the business conducted under this Agreement;
- (iv) Fails to cure a default under this Agreement that materially impairs the goodwill associated with the Names and Marks after Franchisee has received written notice to cure at least twenty-four (24) hours in advance of the notice of termination;
- (v) Makes an assignment for the benefit of creditors or admits its inability to pay its obligations as they become due;
- (vi) Files a voluntary petition in bankruptcy or files (or has filed against it) any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution, or similar relief under any law, admits or fails to contest the material

allegations of any such pleading filed against it, or is adjudicated as bankrupt or insolvent;

- (vii) Fails to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Location, including those laws or regulations governing environmental, health, safety, or sanitation matters;
- (viii) Makes an assignment or transfer of this Agreement, the Franchised Location, or the Franchise, not authorized by this Agreement;
- (ix) Does not allow Franchisor or its employees or agents access to the Franchised Location or to any of Franchisee's records, or if Franchisee otherwise impairs rights of inspection or audit under this Agreement;
- (x) Discloses, permits the disclosure of, or uses—or if any of Franchisee's owners, directors, or partners actively involved in the operation of the Franchised Location discloses, permits the disclosure of, or uses—the contents of the Operations Manual(s) or any other trade secrets or confidential or proprietary information provided to Franchisee by Franchisor, contrary to the provisions of this Agreement or otherwise to the detriment of Franchisor;
- (xi) Maintains false books or records, or submits any false report to Franchisor;
- (xii) Fails to pay any amounts when due to Franchisor or its affiliates and such failure continues for ten (10) days after notice to Franchisee;
- (xiii) Conducts the business licensed by this Agreement in such a way as to constitute an imminent danger to the public health;
- (xiv) Has made material misrepresentations on its application for the Franchise;
- (xv) Loses possession of the location of the Franchised Location;
- (xvi) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard or operating procedures prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee. For the avoidance of any doubt, this Section 19(b)(xvi) will not be read or interpreted as providing a cure period where none otherwise exists under this Agreement, or for that matter lengthening any existing cure period set forth in this Agreement;
- (xvii) Fails to obtain possession of a suitable site within three (3) months of the Effective Date as set forth in this Agreement's Section 3(b).

(c) Compliance with Applicable Law. The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal, or the like other than in accordance with applicable law, such provisions will, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor will comply with applicable law in connection with each of these matters.

(d) Actions Upon Termination. Franchisee agrees, upon termination or expiration of the Franchise, Franchisee will:

- (i) Immediately return to Franchisor all copies of all Operations Manual(s) that have been made available or loaned to it by Franchisor and any material marked as property of Franchisor or as confidential and to cease all use thereof.
- (ii) Immediately pay to Franchisor such amounts as have or will thereafter become due hereunder and are then unpaid and all amounts due for printed materials, forms, advertising material, samples, supplies, products, and services supplied by Franchisor, if any. Franchisee hereby consents to Franchisor debiting Franchisee's merchant or other business banking accounts by the amounts owed hereunder. Upon termination of this Agreement by reason of a default by Franchisee, Franchisee agrees to pay to Franchisor within ten (10) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees and Technology Fees and other amounts Franchisee paid or owed to Franchisor or its affiliates during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) thirty-six (36) (being the number of months in three (3) full years), or (b) the number of months remaining in the Term had this Agreement not been terminated, whichever is lower; provided that if the Franchised Location was not open for such entire twelve (12) month period, utilizing the average monthly Royalty Fees paid to Franchisor by Red's Savoy Locations within the system for any period in which the Franchised Location was not open and operating.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement. Franchisee agrees that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the sections requiring payment of Royalty Fees.

- (iii) Take such action as may be required to properly cancel all assumed name or equivalent registrations relating to the use of the Names and Marks, notify the telephone company, and if requested by Franchisor, notify any domain name registrar, any internet service provider, and all listing agencies of the termination or expiration of Franchisee's right to use the domain names, telephone numbers, and classified and other directory listings that include any portion of the Names and Marks, or are associated with the any Electronic Media. Further, Franchisee must authorize the telephone company, service provider, and listing agencies to transfer to Franchisor all such telephone numbers, accounts, directory listings, and domain names, in the form attached as Exhibit E hereto. Franchisee acknowledges

that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, and domain names associated with the Names and Marks, including any Electronic Media, and appoints Franchisor its attorney-in-fact to direct the telephone company and all service providers and listing agencies to transfer telephone numbers, domain names, and listings to Franchisor, and provide access to Franchisor to any such account, registration, or profile.

- (iv) Take such action as Franchisor may request to transfer to Franchisor or its assigns all of the interest of Franchisee in the lease or sublease under which the Franchised Location has been operated. Franchisee will remain liable for all obligations of the tenant or subtenant under the lease before the date of assignment. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to execute such documents as may be necessary to transfer Franchisee's interest in the lease or sublease to Franchisor or its assigns. If Franchisor does not exercise its right to take an assignment of Franchisee's lease, or otherwise to assume the right to occupy the Franchised Location, the Franchisee will make such alterations to the interior and exterior of the Franchise Site so as to distinguish the premises from a location in the System of Operation.
- (v) Not indicate directly or indirectly, in any manner, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a RED'S SAVOY PIZZA location or as a franchisee of, or as otherwise associated with, Franchisor, or use, in any manner or for any purpose, any of the System of Operation, concepts and methods of promotion, or Names and Marks, or any other indicia of a location in the System of Operation.
- (vi) Immediately cause all references to the Names and Marks, including any signage on the premises whether affixed to the building or on a pylon, to be removed. If Franchisee fails to remove any such references, Franchisor will be entitled to remove or cover the references, without prior notice to Franchisee. Franchisor will use its best efforts to cause the references to be removed or covered without causing damage to the other property. Franchisor may keep or dispose of the signage or other property that was removed, or retain it as full compensation for its costs of removal.
- (vii) Immediately comply with all other obligations that by their nature survive the termination of the Franchise including, but not limited to, Sections 14 and 15.
- (viii) Take such action as may be requested by Franchisor to make such alterations to the interior and exterior of the Franchised Location so as to distinguish the premises from a location in the System of Operation.

(e) Survival of Provisions. All obligations of Franchisor and Franchisee that expressly or by their nature survive the assignment, expiration, or termination of the Franchise will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

20. ENFORCEMENT.

(a) Injunctive Relief; Attorneys' Fees. Notwithstanding Section 20(c) below, either party may apply for injunctive or other equitable relief to: (i) enforce its right to terminate this Agreement for the causes in Section 19; and (ii) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following termination or assignment of this Agreement, including, the confidentiality and non-competition provisions hereof. Each party will be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief by arbitration or otherwise against Franchisee, or is successful in defending a claim brought against it by Franchisee in an arbitration or otherwise, Franchisee will pay Franchisor, immediately upon demand by Franchisor, an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

(b) Mediation. Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, Franchisee and Franchisor will be required to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between them, for a minimum of four (4) hours, before the initiation of any arbitration or other action or proceeding against the other.

(i) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice will select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence legal action or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this paragraph, then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Franchisee. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator will either be a retired judge, or a person who has had at least five (5) years of experience as a franchisee or franchisor (or as an officer of such an entity), or in franchise law.

(ii) The parties will equally share the cost of the mediator. The mediator will select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation will be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Franchised Location or the principal office of Franchisor, except that if the principal offices of Franchisor and Franchisee are located in Minnesota, then the mediation will be held in Minneapolis, Minnesota.

- (iii) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates arbitration or litigation without complying with their obligation to mediate in accordance with this Section 20 (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this paragraph), then upon petition of any party named as a defendant in such arbitration or litigation, the arbitrator or court will dismiss the action without prejudice and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the arbitrator or court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the arbitrator or court in such action, the party initiating the action will be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this paragraph.

(c) Arbitration. Except with respect to those matters set forth in Section 20(a) above, and subject to the requirement to mediate in accordance with Section 20(b) above, all disputes and claims relating to any provision hereof, to any specification, standard, or operating procedure or other obligation of Franchisor or to the breach thereof (including, without limitation, any claim that this Agreement, any provision thereof, any specification, standard, or operating procedure or any other obligation of Franchisee or Franchisor is illegal, unenforceable, or voidable under any law, ordinance, or ruling) will be settled by arbitration at the office of the American Arbitration Association located in Minneapolis, Minnesota, in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise license agreements, if any, otherwise, the general rules of commercial arbitration).

- (i) Any arbitrator appointed to arbitrate a dispute under this Agreement will have at least ten (10) years' experience in franchise matters and will have the right to award or include in any award the specific performance of this Agreement. The arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator will have no authority to add, delete, or modify this Agreement's terms or provisions in any manner. All of the arbitrator's findings, judgments, decisions, and awards will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator will file a reasoned brief with his or her award.
- (ii) Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. The award will be binding, final, and nonappealable except as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Paragraph 20(c). Unless this Agreement is terminated in accordance with the provisions of Paragraph 19, during the pendency of the arbitration proceeding, Franchisee and Franchisor will fully perform this Agreement.
- (iii) If, after Franchisor or Franchisee institutes an arbitration proceeding, one or the other asserts a claim, counterclaim, or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim, or defense is asserted may elect to proceed with the arbitration on all arbitrable claims, counterclaims, or defenses or

to proceed to litigate all claims, counterclaims, or defenses in a court having competent jurisdiction.

- (iv) If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Subparagraph 20(a), the arbitrability of such claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.
- (v) All arbitration proceedings will be individual proceedings between Franchisor and Franchisee and will not be conducted on a “class” basis, or include any other franchisees as named parties unless Franchisor and Franchisee each agree.

(d) Waiver of Punitive Damages; Limitation of Liability. Franchisor and Franchisee (and Franchisee’s owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between or among any of them, each will be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.

(e) Venue. Franchisor and Franchisee (and Franchisee’s owners and guarantors) each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties will be the state and federal courts of Minnesota. Such actions will be exclusively venued in the District Courts of Minnesota, County of Hennepin, or the United States District Court for the District of Minnesota, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing will be to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Franchisee, will be the county in which Franchisee is domiciled, or the county in which the Franchised Location is located).

(f) WAIVER OF JURY TRIAL. TO THE EXTENT EITHER PARTY MAY PROCEED BY JUDICIAL PROCESS, EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL AS TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, AND ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR OTHER CAUSES OF ACTION, IN CONNECTION WITH ANY LEGAL ACTION.

(g) Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party will not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

(h) Waiver of Class Action Rights. Franchisee waives its right to bring, join, or participate in, and is barred from bringing, joining, or participating in, any class action suit in court or in arbitration. The

parties agree that any proceeding, including any arbitration, will be conducted on an individual, not a class-wide, basis, and that any proceeding between Franchisor and Franchisee or any owner or any guarantor of Franchisee may not be consolidated with another proceeding between Franchisor and any other entity or person. Franchisee further agrees that the foregoing will not limit the ability of the Franchisee to obtain a remedy for any particular claim that it may assert against Franchisor.

21. INDEPENDENT CONTRACTORS/INDEMNIFICATION.

(a) Independent Contractor. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Location, and neither party to this Agreement is the agent, principal, partner, employee, employer, or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee, or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards, and contractual agreements entered into by Franchisee will contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, that Franchisee operates the Franchised Location as an independently owned and operated Franchised business and that Franchisee independently owns and operates the Franchised Location as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

(b) Franchisee Indemnification. Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is held liable and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, or as a result of any activities occurring at the Franchised Location. Such indemnification will include, without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses (collectively, "**Costs**"). Franchisor will have the right to defend any such claim against it.

(c) Continuation. The indemnities and assumption of liabilities and obligations herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

22. FRANCHISEE REPRESENTATIONS

To induce Franchisor to accept Franchisee's application for a RED'S SAVOY PIZZA franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

(a) Standards for Service. Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation, including the offer of only those services approved by Franchisor.

(b) Independent Operation/Business Risks. Franchisee acknowledges that it has the entire control and direction of the Franchised Location, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, that Franchisee's success will be largely determined by its own skill and efforts as an independent businessperson. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Franchised Location, the Franchised Location will fail and Franchisee will be solely

responsible for any such failure. Franchisee represents that the Statement of Ownership set forth on Exhibit B hereto completely and accurately describes all of Franchisee's owners and their interests, and Franchisee's governance structure, as of the date hereof.

(c) Franchisee Advisors. Franchisee acknowledges that it has been advised to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement;

(d) New Business. Franchisee acknowledges that the business franchised hereunder is a new business, and that such business, as well as the System of Operation, will evolve over time, and that such evolution will likely result in numerous changes to the System of Operation during the Term of this Agreement, some of which may require additional investment by Franchisee.

(e) Acknowledgments. Except to the extent Franchisor has negotiated changes to this Franchise Agreement that differ from Franchise Disclosure Document furnished to franchisee by Franchisor ("FDD"), nothing in this or in any related agreement is intended to disclaim representations made by Franchisor in the FDD. Franchisee acknowledges that it has conducted an independent investigation and financial assessment of the Franchised Location contemplated by this Franchise Agreement and the market in which the Franchised Location is located and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Franchisee, and other variables. Except as may be noted in the FDD, Franchisee acknowledges that it has not received or relied upon any representations, warranties, or guarantees, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. Franchisee has no knowledge of any representations by Franchisor or its affiliates, or their respective officers, directors, shareholders, employees, agents, or servants about the business contemplated by this Agreement, that are contrary to the terms of this Agreement, the documents incorporated herein, or the FDD, and further represents to Franchisor that it has made no misrepresentations in obtaining the Franchise and this Agreement. Franchisee acknowledges that it has received, read, and understood this Agreement and the FDD. Franchisor has fully and adequately explained the provisions of each of these agreements or documents to Franchisee's satisfaction and Franchisor has afforded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement. Franchisee has received the FDD at least fourteen (14) calendar days before the execution of any agreements or payment of any consideration, or earlier as may be required by applicable law. Franchisee also has received an executable form of this Agreement at least seven (7) calendar days before the execution of any such agreements or the payment of any consideration to Franchisor. Franchisee is aware that some present and future Red's Savoy franchise owners may operate under different forms of agreements, and consequently, that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances. Franchisee further acknowledges that Franchisor and its affiliates have their own business interests that are not intended to be restricted by this Agreement. Except as expressly provided in this Agreement and the corresponding FDD, Franchisor and its affiliates may pursue their own business interests without obligation to, and irrespective of, the impact of their actions upon Franchisee and the Franchised Location. These actions include, but are not limited to, ownership, operation, or disposition of Franchisor's company or affiliate-owned locations or other businesses, and the sale of products through other methods of distribution.

23. MISCELLANEOUS.

(a) Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), this Agreement will be governed by the laws of the State of Minnesota. The parties agree, however,

that if Franchisee is not a resident of Minnesota, and if the Franchised Location is not located in Minnesota, then they hereby waive the provisions of The Minnesota Franchise Act, Minnesota Statutes, Section 80C.01, et seq. and the regulations promulgated thereunder. If the Minnesota Franchise Act would not otherwise apply to the franchise relationship created hereby, but there is a statute in the state in which the business franchised hereunder is located that specifically governs relationships between franchisees and franchisors, then that particular law will apply in lieu of the Minnesota Franchise Act.

(b) Binding Effect. This Agreement is binding upon the parties hereto, their respective heirs, assigns, and successors in interest.

(c) Entire Agreement. The introduction, recitals, and all exhibits hereto are a part of this Agreement, which constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any representations made by Franchisor in the FDD.

(d) Headings; Franchisee References; Termination. The headings of the several sections above are for convenience only and do not define, limit, or construe the contents thereof. The term “Franchisee” as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other and the neuter. References to “Franchisee” applicable to any individual will mean the principal owner or owners of the equity or operating control of Franchisee if Franchisee is a corporation, limited liability company, or partnership. If there is more than one signatory as “Franchisee”, all of Franchisee’s obligations hereunder and under any other agreement with Franchisor or its affiliates will be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement or the Franchise, will be deemed to include the expiration of this Agreement without renewal.

(e) Construction. Franchisor and Franchisee agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Agreement will be construed simply according to its fair meaning and not strictly against Franchisor or Franchisee.

(f) Invalid Provisions. It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. Franchisor and Franchisee will substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(g) Waivers. Franchisor and Franchisee, by written instrument, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard, or operating procedure will constitute a waiver of any provision of this Agreement or any specification, standard, or operating procedure; provided, however, that failure, neglect, or delay of a party to exercise any right under this Agreement or to insist upon full compliance by the other

party with its obligations under this Agreement will constitute a waiver of any default arising under this Agreement and will preclude exercise or enforcement of any right or remedy arising therefrom unless written notice of such default is provided by the nondefaulting party to the other party within twelve (12) months after such right or default occurs.

(h) Remedies Cumulative. All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder will preclude the exercise or enforcement by Franchisor or of Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

(i) Modifications. No modification of this Agreement will be valid unless such modification is in writing and signed by Franchisee and Franchisor; provided, however, Franchisor may unilaterally modify the Operations Manual(s).

(j) Notices. All written notices permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered (i) when delivered by hand, or (ii) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (ii) or (iii), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

(k) Patriot Act Representations. Franchisee represents and warrants that to its actual and constructive knowledge: (i) neither it (including its directors, officers, and managers), nor any of its affiliates, or any funding source for the Franchised Location, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (ii) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(l) Variances. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee will not complain on account of any variation from standard specifications and practices granted to any other franchise owner and will not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

**[THIS AGREEMENT CONTINUES WITH A RIDER,
WHICH IS A PART OF THIS AGREEMENT.]**

FRANCHISE AGREEMENT RIDER

1. **Effective Date:** _____

2. **Franchisee:** _____

3. **Search Area:** The Search Area for the Franchised Location shall be:
_____.

4. **Franchised Location:** _____.

If the above-named location specifies a location yet to be determined, Franchisor reserves the right to sell franchises—and grant territories to others who will operate Red’s Savoy Locations—in and around the above-described location. Franchisee may then be required to choose a final location outside of any protected territory given to any other franchisee, and that territory may be outside of the city or areas identified above. Should this happen, Franchisee would have to obtain our review and approval for a new location. Likewise, if Franchisee chooses to move its final address at any time, or if the location set forth above, or any other location Franchisor agrees upon, becomes unavailable for any reason, it is Franchisee’s obligation to select a new location, and to obtain Franchisor’s approval of that location before Franchisee acquires the site or obtains any rights in the location.

5. **Protected Territory:**

6. **Ownership:** Franchisee represents and warrants that any entity to which this Agreement will be transferred will have the initial ownership set forth below, and that no changes will be made in the ownership without the prior written approval of Franchisor:

Name:	Percentage Ownership:
_____	_____
_____	_____
_____	_____
_____	_____

7. **Designated General Manager:** The designated General Manager, if any, designated by Franchisee and agreed to by Franchisor:
_____.

8. **Address for notice to Franchisee:** _____

9. **Initial Franchise Fee:** The initial franchise fee is the one below that is initialed by Franchisee and Franchisor.

____/____ New Franchisee (including conversions): **\$40,000.**

____/____ New Franchisee (including conversions) (Qualified Veterans Only): **\$35,000.**

____/____ Transfer of an existing franchise, renewal of an existing franchise, or franchise agreement signed under an obligation **Franchisee** has under an Area Development Agreement: **No initial franchise fee.**

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Agreement the day and year first above written.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

EXHIBIT A

FRANCHISED LOCATION AND DESIGNATED TERRITORY

THIS document is a part of the Franchise Agreement dated the ___ day of _____, 20___, by and between RSP Franchise, LLC and _____ (“Franchisee”).

2. The physical site of the Franchised Location will be:

2. The Designated Territory of the Franchised Location is:

_____ (the “Designated Territory”).

IN WITNESS WHEREOF, the parties have executed this document as of the latest date indicated below.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

EXHIBIT B

STATEMENT OF OWNERSHIP

Franchise: _____

Trade Name (if different from above): _____

Effective Date: _____

1. Form of Ownership (Check One):

Individual Partnership Corporation Limited Liability Company

2. Corporation, Limited Liability Company, or Partnership: You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name, or trade name written above. The following is a list of the full name of each person who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest:

<u>Owner's Name</u>	<u>Address</u>	<u>Percentage/ Description of Interest</u>

3. Governance: The following is a list of your directors or governors, and officers or managers, as applicable, as of the effective date written above:

<u>Name</u>	<u>Address</u>	<u>Position(s) Held</u>

4. Notice: The name and contact information of the person to receive notice for the Franchisee is (include name, address, e-mail address, and principal telephone number):

5. Identification of Operating Partner. Your Operating Partner, as of the Effective Date is:

6. Acknowledgment. Franchisee acknowledges that this Statement of Ownership applies to the Franchised Location authorized under the Franchise Agreement.

Use additional sheets if necessary to provide all information requested. All changes to the above information must be immediately reported to Franchisor in writing.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

EXHIBIT C

**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 (the “**Agreement**”) between RSP FRANCHISE, LLC (“**we**” or “**us**”) and _____ (the “**Franchisee**”), dated _____, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Agreement.

The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

PERSONAL GUARANTORS:

_____ Individually

_____ Print Name

_____ Address

_____ City State Zip Code

_____ Telephone

_____ Individually

_____ Print Name

_____ Address

_____ City State Zip Code

_____ Telephone

EXHIBIT D

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, AND DOMAIN NAMES

This Assignment is entered into this ____ day of _____, 20__, in accordance with the terms of that certain Franchise Agreement (“**Franchise Agreement**”) between _____ (“**Franchisee**”) and RSP Franchise, LLC, a Minnesota limited liability company (“**Franchisor**”), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a location selling pizza and other related menu items for on-site consumption, delivery and carryout under the name and mark “RED’S SAVOY PIZZA” located at _____ (the “**Franchised Location**”).

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) and (2) those certain Internet website addresses (“**Domain Names**”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Franchised Location. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor will notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s Internet service provider (“**ISP**”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without the extension of Franchisee’s rights to operate the Franchised Location), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the Domain Names, and, in such event, Franchisee will have no further right, title or interest in the Telephone Numbers and Listings and Domain Names, and will remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effectuate date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor will have the sole right to and interest in the Telephone Numbers and Listings and the Domain Names, and Franchisee appoints Franchisor as Franchisee’s one and lawful attorney-in-fact, which appointment is coupled with an interest and is irrevocable, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the Domain Names to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and Domain Names to Franchisor, Franchisor will direct the Telephone Company and ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s exclusive rights in and to the Telephone Numbers and Listings, and the Domain Names upon such termination or expiration and that such assignment will be made automatically and effective immediately upon Telephone Company’s and ISP’s receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company’s or the ISP’s assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor’s execution of such forms or documentation on behalf of Franchisee will effectuate Franchisee’s

consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this document as of the latest date indicated below.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

EXHIBIT E

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____

Location: _____

Date: _____

Attention: Bookkeeping Department

The undersigned hereby authorizes RSP Franchise, LLC or any affiliated entity (collectively, “**RS**”), to initiate weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for Royalty Fees, Advertising Contributions, and other amounts that become due and payable by the undersigned to RS. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by RS.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned’s account to cover such ACH debit and credit entries.

Sincerely yours,

Account Name

Bank Name

Customer Street Address

Branch

City State Zip Code

Bank Street Address

Customer Telephone Number

City State Zip Code

Customer’s Account Number

Bank Telephone Number

Bank’s Account Number

EXHIBIT F

**RELEASE
[USED IN EVENT OF TRANSFER]**

For and in consideration of the agreements and covenants described below, RSP Franchise, LLC (“**Franchisor**”) and _____ (“**Franchisee**”) enter into this Release of Claims (“**Release**”).

INTRODUCTION

1. Franchisor and Franchisee entered into a Franchise Agreement dated _____ (the “**Franchise Agreement**”).

A. Franchisee has requested that Franchisor consent to a transfer by Franchisee of the Franchise Agreement, pursuant to Section 16 of the Franchise Agreement, and has agreed to execute this Release in consideration of Franchisor’s consent to this transfer.

NOW THEREFORE, in consideration of Franchisor’s consent to the transfer, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

2. Release of Claims by Franchisee. Franchisee, for itself, its heirs, successors and assigns, affiliates, directors, governors, officers, managers, shareholders, and members, and any other party claiming an interest through them (collectively and individually referred to as the “**Franchisee Parties**”), hereby releases and forever discharges Franchisor, its predecessors, successors, assigns, affiliates, governors, officers, managers, members, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns (collectively and individually referred to as the “**Franchisor Parties**”) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which a Franchisee Party may now or in the future own or hold, that in any way relates to the Franchise Agreement or the business relationship between the parties (collectively “**Claims**”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between Franchisee or its affiliates, and Franchisor Parties.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE FRANCHISED LOCATION IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

3. Acknowledgment. Except as specifically provided herein, the release of Claims set forth in Paragraph 1 is intended by the Franchisee to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether known or unknown, expected or anticipated to exist, regardless of whether any known, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee’s intention

to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and will be and remain a full, complete and unconditional general release.

4. Entire Agreement. This Release constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents of this Release are merged into this Release.
5. Voluntary Nature of Agreement. The parties acknowledge and agree that they have entered into this Release voluntarily and without coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept its terms.
6. Governing Law and Jurisdiction. This Release will be construed and enforced in accordance with the law of the state of Minnesota.
7. Attorneys' Fees. All rights and remedies under this Release will be cumulative and none will exclusive any other right or remedy allowed by law. In the event of a breach of this Release that requires one of the parties to enforce the terms and conditions of this Release, the non-prevailing party will pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

IN WITNESS WHEREOF, the parties have executed this document as of the latest date indicated below.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

EXHIBIT G

NON-TRADITIONAL MODEL RIDER

THIS RIDER (this “Rider”) is entered into as of _____, 20__ between RSP Franchise, LLC (hereinafter “Franchisor”) and _____ (hereinafter “Franchisee” or “you”) to amend that certain Franchise Agreement executed by the parties on even date herewith (the “Franchise Agreement”).

WHEREAS, in addition to Franchisor’s traditional model, in which franchised locations are situated in fixed retail locations displaying interior trade dress and featuring on-site consumption, delivery, and carryout of pizza and other related menu items, Franchisor also offers a model featuring a branded serving counter located within an existing establishment or venue such as an airport, food hall, educational facility, stadium, office building, resort or similar location, that provides Franchisor’s full range of menu options for take-out consumption, delivery, and/or for consumption on the existing premises, depending on the type of location (each such location, a “Non-Traditional Model Location”); and

WHEREAS, Franchisee has requested that its Red’s Savoy Location be designated as a Non-Traditional Model Location, and Franchisor has agreed on the terms and conditions set forth in this Rider.

NOW, THEREFORE, Franchisor and Franchisee agree that the Franchise Agreement is amended as follows:

1) Capitalized Terms; Conflict with Franchise Agreement. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Franchise Agreement. The term “Franchised Location” in the Franchise Agreement shall refer to Franchisee’s Non-Traditional Model Location. In the event of a conflict between the terms and provisions of this Rider and the Franchise Agreement, this Rider shall control.

2) Optional Designation. Franchisee acknowledges that its election to have its Red’s Savoy Location designated as a Non-Traditional Model Location is optional, and that it will comply with all requirements, standards and specifications as Franchisor may adopt from time to time with respect to the operation of a Non-Traditional Model Location during the term of the Franchise Agreement.

3) Delivery. Notwithstanding Sections 1(c), 1(m), 2(a), and 2(b) of the Franchise Agreement, the opportunity to deliver Approved Products may not be available for a Non-Traditional Location and, as is true of all Red’s Savoy Locations, Franchisee may offer delivery of Approved Products from the Franchised Location only with Franchisor’s prior written approval. Franchisee hereby acknowledges that depending on the characteristics of the venue or location of its Non-Traditional Model Location, it may not have any rights or opportunity to offer delivery services.

4) Grand Opening Advertising. Notwithstanding Section 6(k) of the Franchise Agreement, in certain venues in which a Non-Traditional Model Location will operate, Franchisor may in its sole discretion reduce the minimum amount that Franchisee must spend on grand opening advertising by up to Five Thousand Dollars (\$5,000). Unless Franchisor provides written notice to Franchisee that Franchisee’s minimum grand opening advertising spend has been reduced, Franchisee must spend at least Ten Thousand Dollars (\$10,000) on grand opening advertising.

5) Nature of Non-Traditional Model Locations. Due to the nature of a Non-Traditional Model Location and Franchisee’s ability in certain instances to operate the Franchised Location within an approved existing business that is operated by Franchisee (or its affiliate) as of the Effective Date (the “Existing

Business”), Sections 7(a) and 7(b) of the Franchise Agreement shall not apply if Franchisor has approved locating the Franchised Location within an Existing Business, the premises of which Franchisee has the existing right to occupy, *provided that* Franchisee must provide Franchisor with a copy of the lease or sublease for such premises (or, if applicable, documentation evidencing Franchisee’s ownership of the premises). Further, notwithstanding the deadline stated in the first sentence of Section 5(e) of the Franchise Agreement, if it is not necessary for Franchisee to sign a lease for the Franchised Location, Franchisee must establish any bank account used for the Franchised Location and give Franchisor authorization, in the form prescribed by Franchisor, for direct debits or other electronic transfers from Franchisee’s accounts for all amounts owing to Franchisor or its affiliates no later than three (3) months after the Effective Date.

6) Construction. Notwithstanding Section 7 of the Franchise Agreement, if Franchisor has approved locating the Franchised Location within an Existing Business: (a) Franchisor may opt not provide sample layout for the interior of a typical Red’s Savoy Location, but may instead provide specifications for interior décor; (b) as directed by Franchisor, in Franchisor’s sole and absolute discretion, Franchisee may not be required to hire an architect or engineer to improve or construct the Franchised Location, and/or may be directed by Franchisor to make specified improvements, purchase specified equipment, and/or install specified signage, as Franchisor deems appropriate in light of the location and nature of the Franchised Location; (c) as directed by Franchisor in its sole and absolute discretion, Franchisee may not be required to hire a general contractor.

7) Franchisee Involvement. If the Non-Traditional Model Location is located within an Existing Business which is open for business only seasonally or otherwise has limited hours of operation (including locations within limited-hour venues), then notwithstanding Section 9(c) of the Franchise Agreement, Franchisor may in its reasonable discretion permit the Operating Partner, or, if applicable, the General Manager, to be on-premises less than an average of thirty-two (32) hours per week, depending on the Non-Traditional Model Location’s hours of operation.

8) Hours of Operation. Notwithstanding Section 9(d) of the Franchise Agreement, (a) if the Non-Traditional Model Location is located within an Established Business, the Franchised Location shall be open during at least the hours of the Existing Business in which it is located, but in no event less than the hours prescribed by Franchisor in its then-current policies for Non-Traditional Model Locations, and (b) if the Non-Traditional Model Location is located within a venue that is open to the public during limited hours, the Franchised Location shall be open, at a minimum, the hours the venue is open to the public or as otherwise designed by Franchisor.

9) Exclusive Use of the Franchised Location. Section 9(f) of the Franchise Agreement shall not apply to the extent Franchisor has approved locating the Franchised Location within an Existing Business, *provided that*, Franchisor must provide prior written consent before Franchisee may (a) operate any other additional business(es), other than the Existing Business, in or from the premises of the Franchised Location, or (b) materially alter the nature of the Existing Business.

10) Termination. In addition to Franchisor’s termination rights set forth in Section 19(b) of the Franchise Agreement, if Franchisee operates a Non-Traditional Model Location within an Existing Business, Franchisor has the additional right to terminate the Franchise Agreement effective immediately upon notice to Franchisee if the Existing Business ceases its operations for any reason.

11) Representation of Authority. **By signing this Rider below on behalf of Franchisee, the undersigned represents that he or she is duly authorized and has legal capacity to execute and deliver this Rider. The undersigned representative of Franchisee represents and warrants to Franchisor that the execution and delivery of this Rider and the performance of such party's**

obligations hereunder have been duly authorized, and that the Rider is a valid and legal agreement binding on Franchisee and enforceable in accordance with its terms.

In witness of their agreement, authorized representatives of the parties have signed this Rider on the date(s) set forth below, to be effective as of the effective date first stated above.

FRANCHISEE:

FRANCHISOR:

RSP FRANCHISE, LLC

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

EXHIBIT H

STATE-SPECIFIC ADDENDA

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS REQUIRED BY THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary set forth in the RSP FRANCHISE, LLC Franchise Agreement, the following provisions supersede any inconsistent provisions and apply to all RED'S SAVOY PIZZA franchises offered and sold in the State of Minnesota:

The Minnesota Addendum is only applicable if the Franchisee is a resident of Minnesota or if the Franchisee's business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or of Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 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) of the Franchise Agreement, and 180 days' notice for non-renewal of the Franchise Agreement.

3. The Franchise Agreement is revised to include the following:

"To the extent required by the Minnesota Franchise Act, Franchisor will protect Franchisee's rights to use the trademarks, service marks, trade names, logo types, or other commercial symbols related to the trademarks or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided Franchisee is using the names and marks in accordance with this Agreement."

4. Franchisor will not require Franchisee to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment of the Franchise Agreement.

5. Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing will not bar the voluntary settlement of disputes.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law are met independently without reference to this Addendum.

**[THE REMAINDER OF THE PAGE WAS LEFT BLANK INTENTIONALLY. SIGNATURES FOLLOW ON THE
NEXT PAGE.]**

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date of the Franchise Agreement.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT AS REQUIRED BY
THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the RSP FRANCHISE, LLC Franchise Agreement, the following provisions supersede any inconsistent provisions and apply to all RED'S SAVOY PIZZA franchises offered and sold in the State of North Dakota. The North Dakota Addendum is only applicable if the Franchisee is a resident of North Dakota or if the Franchisee's business will be located in North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair, unjust, and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee sign a release upon renewal of the Franchise Agreement is deleted from the Franchise Agreement.

2. Any references in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

3. The Franchise Agreement's Section 15 is revised to provide that, "Covenants not to compete, such as those mentioned above, are generally considered unenforceable in the State of North Dakota."

4. The Franchise Agreement's Section 20 is revised to provide that the site of arbitration or mediation must be agreeable to all parties and will not be remote from the franchisee's place of business.

5. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota, including courts in Minnesota. Therefore, any references and any requirements in the Franchise Agreement that the franchisee consent to the jurisdiction of courts located outside of North Dakota are deleted.

6. The franchisor and franchisee's relationship as described in the Franchise Agreement, and any claims arising from the relationship or the agreement, whether arising under the North Dakota franchise law or otherwise, will be governed by the laws of the State of North Dakota.

7. Any references in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.

8. Any references in the Franchise Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

9. Any reference in the Franchise Agreement to any requirement to consent to a limitation of claims within one year is amended to read that, "the statute of limitations under North Dakota Law will apply."

10. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

11. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date of the Franchise Agreement.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
AS REQUIRED BY WISCONSIN LAW

Notwithstanding anything to the contrary set forth in the RSP FRANCHISE, LLC Franchise Agreement, the following provisions supersede any inconsistent provisions and apply to all RED'S SAVOY PIZZA franchises offered and sold in the State of Wisconsin:

The Wisconsin Addendum is only applicable if the Franchisee is a resident of Wisconsin or if the Franchisee's business will be located in Wisconsin.

1. Non-Renewal and Termination. The following paragraph is added to the end of Sections 2.2(d) and 19:

Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Wisconsin Law are met independently without reference to this Addendum.

**[THE REMAINDER OF THE PAGE WAS LEFT BLANK INTENTIONALLY. SIGNATURES FOLLOW ON
THE NEXT PAGE.]**

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date of the Franchise Agreement.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____



EXHIBIT D

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT, GUARANTY, AND OTHER EXHIBITS

RED’S SAVOY AREA DEVELOPMENT AGREEMENT

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RED'S SAVOY DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the “**Agreement**”) is made as of the Effective Date set forth in the Rider attached to this Agreement (the “**Rider**”), by and between RSP FRANCHISE, LLC, a Minnesota limited liability company (the “**Franchisor**”), and the Person or Persons named in the Rider as the Developer (the “**Franchisee**”).

RECITALS

WHEREAS, the Franchisor and its affiliates have developed and obtained certain recipes, food preparation procedures, business methods, policies and techniques, including Franchisor’s trade secrets, proprietary and other confidential information pertaining to the operation of a restaurant selling pizza and other related menu items for on-site consumption, delivery and carryout, all under the name and mark “RED’S SAVOY PIZZA®” and other names, marks and associated logos that may now exist or hereafter be developed by the Franchisor and licensed to the Franchisee (collectively, the “**Marks**”);

WHEREAS, the Franchisee understands the importance of establishing a uniform marketing system for Red’s Savoy restaurants selling the products and services authorized to be sold by the Franchisor, and desires to use the Marks in the operation of restaurants selling pizza and other related menu items for on-site consumption, delivery and carryout, all under the Marks (“**Red’s Savoy Locations**”); and

WHEREAS, the Franchisee has applied to the Franchisor for the right to enter into Franchise Agreements pursuant to this Agreement for the operation of Red’s Savoy Locations, and the application has been approved by the Franchisor in reliance upon the representations made in the application. The Franchisee acknowledges that it has read and understands this Agreement, and that all questions raised by the Franchisee with regard to this Agreement and the development of the Red’s Savoy Locations has been satisfactorily answered by the Franchisor.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement and for other good and valuable consideration, the parties hereby agree as follows:

ARTICLE 1. GRANT OF FRANCHISE; DEVELOPMENT AREA

1.1) The Franchisor hereby grants to the Franchisee, for the term of this Agreement, the right to enter into Franchise Agreements with the Franchisor to open and operate the number of Red’s Savoy Locations identified in the Rider pursuant to such Franchise Agreements within the area described on the Rider (the “**Development Area**”). The franchise model for each location will be selected at the time of execution for each Franchise Agreement. The rights and privileges granted to the Franchisee in this Agreement are expressly limited to the Development Area and are expressly subject to the terms and conditions of this Agreement.

1.2) During the term of this Agreement, and provided that the Franchisee is not in default under this Agreement or any other agreement between the Franchisee and the Franchisor and/or its affiliates, the Franchisor will not grant to anyone else a franchise to operate, and will not itself operate, businesses that primarily sell pizza under the Marks from a site physically located in the Development Area before the earlier of: (i) the termination of this Agreement; or (ii) the date on which Franchisee must sign the Franchise Agreement for its last Red’s Savoy Location pursuant to Section 3.3, below. Franchisee acknowledges:

(x) that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth in the foregoing sentence; and (y) there may be one or more Red's Savoy Location(s) operating as of the date hereof in the Development Area and Franchisee may not open a Red's Savoy Location in the designated territory of any such location.

Notwithstanding the foregoing, the Franchisor can: (i) acquire (and thereafter operate) businesses with 10 or more locations that are similar to Red's Savoy Locations and that have one or more locations operating in the Development Area at the time of the acquisition; and (ii) sell its equity or assets to any third party regardless of whether such third party operates, or franchises the operation of, businesses in the Development Area similar to Red's Savoy Locations.

ARTICLE 2. TERM OF AGREEMENT

2.1) Unless sooner terminated in accordance with Section 4.1 of this Agreement, this Agreement will expire on the date that the last Red's Savoy Location must be open under Section 3.3.

2.2) There are no rights of renewal under this Agreement. At the end of the term of this Agreement, the Franchisor will have the right to reevaluate the prospects for the establishment of Red's Savoy Locations in the Development Area, and the Franchisor may determine that the Development Area will be further developed by opening additional Red's Savoy Locations in the Development Area, either by the Franchisor or its affiliates, or by other franchisees.

ARTICLE 3. DEVELOPMENT FEE; DEVELOPMENT TIMELINE

3.1) During the term of this Agreement, the Franchisee will open the number of Red's Savoy Locations identified in the Rider in the Development Area in accordance with the development timeline set forth in this Agreement and the Rider. If the Franchisee transfers or otherwise assigns its interest in any Franchise Agreement it has with the Franchisor before the Franchisee has operated that business for at least six (6) months under its management, then that location will not be considered to have been developed by Franchisee, and will not count toward Franchisee's compliance with the first sentence of this Section.

3.2) On the date this Agreement is executed by the Franchisee, the Franchisee will pay the Franchisor a development fee (the "**Development Fee**") in an amount set forth in the Rider. The Development Fee is nonrefundable and is payable in full when the Franchisee signs this Agreement and is fully earned by the Franchisor at that time. It is to be paid as consideration for the Franchisor's agreement in the first sentence of Section 1.2, and not for the grant of the right to open any location, which rights will only be granted pursuant to separate Franchise Agreements to be entered into between the parties. However, the Franchisee is not required to pay an Initial Franchisee Fee for any of the Red's Savoy Locations to be developed under this Agreement.

3.3) On the date this Agreement is executed by the Franchisee, the Franchisee will also execute a Franchise Agreement for its first Red's Savoy Location. As a condition to opening any Red's Savoy Location, and prior to the Franchisee entering into a lease for such location, the Franchisee must execute the then current Franchise Agreement offered by the Franchisor to new franchisees of the Franchisor at such time, and will personally guarantee the obligations thereunder. The Franchisee must sign the Franchise Agreement for each of the Red's Savoy Locations to be opened under this Agreement following the first one, and for the signing of each Franchise Agreement as set forth above, within thirty (30) days after the opening of the previous Red's Savoy Location by the Franchisee. The Franchisee acknowledges that the Franchisor's Red's Savoy Franchise Agreement may be modified from time to time by the Franchisor and

that reasonable modifications and amendments to that Agreement will not alter the Franchisee's obligations under this Agreement. The Franchisee will pay to the Franchisor monthly ongoing fees and monthly advertising contributions and any other amounts as set forth in each respective Franchise Agreement signed by the Franchisee and comply with all other terms contained therein.

3.4) The Franchisee acknowledges and agrees that a material provision of this Agreement is that the Franchisee open within the times set forth in the Development Schedule on the Rider to this Agreement (the "**Development Schedule**"). To that end, and subject to any extension pursuant to the applicable Franchise Agreement, Franchisee must comply with the Development Schedule requirements regarding (i) the execution of the Franchise Agreements; (ii) the opening date for each Red's Savoy Location; and (iii) the cumulative number of Red's Savoy Locations to be open and continuously operating for business in the Development Area. The Franchisee must sign its Franchise Agreement for the initial Red's Savoy Location in the Development Area contemporaneously with this Agreement. Time is of the essence for the development of each Red's Savoy Location under this Agreement and for the signing of each Franchise Agreement as set forth in the Development Schedule. Should the Franchisee fail to sign a franchise agreement for the second or any subsequent Red's Savoy Location within the timeline set forth in the Development Schedule, the Franchisor will immediately have the right to offer any portion of the Development Area not then subject to an executed Franchise Agreement to any third party and amend the Development Area to provide the Franchisee with an alternate area.

3.5) The Franchisee represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Red's Savoy Locations within the Development Area, approves of the development timeline in the Development Schedule as being reasonable and viable, and recognizes that failure to open any Red's Savoy Location within the time for opening of that location set forth in the Development Schedule constitutes a material breach of this Agreement. In such case, the Franchisor may terminate this Agreement as provided herein. Termination of this Agreement will not affect the individual Franchise Agreements signed by the Franchisee for Red's Savoy Location(s) in the Development Area; however, upon termination, all rights granted to the Franchisee under this Agreement will forthwith revert to the Franchisor, except for those obligations that continue beyond termination of this Agreement.

3.6) The Franchisee will be solely responsible for identifying, submitting for the Franchisor's approval, and securing specific sites for each Red's Savoy Location. The following terms and conditions shall apply to each Red's Savoy Location to be developed hereunder: The Franchisor will provide the Franchisee its then-current site selection guidelines and such site selection counseling and assistance as it may deem advisable. The Franchisee will submit to the Franchisor, in a form specified by the Franchisor, a completed site approval package, which shall contain such information or materials as the Franchisor may reasonably require. The Franchisor will have twenty (20) business days after receipt of the site approval package to approve or disapprove, in its sole discretion, the proposed site for the Red's Savoy Location. In the event the Franchisor does not approve a proposed site by written notice to the Franchisee within said twenty (20) business days, such site shall be deemed disapproved by the Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by the Franchisor.

3.7) The Franchisee hereby acknowledges and agrees that approval by the Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Red's Savoy Location or for any other purpose. Approval by the Franchisor of the site indicates only that it believes the site complies with acceptable minimum criteria established by it solely for its purposes as of the time of the evaluation. Both the Franchisor and the Franchisee acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by the Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or

excluded from criteria used by the Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the Franchisor's control. The Franchisor shall not be responsible for the failure of a site approved by the Franchisor to meet the Franchisee's expectations as to revenue or operational criteria.

ARTICLE 4. THE FRANCHISOR'S RIGHT OF TERMINATION

4.1) In addition to the other rights of termination contained in this Agreement, the Franchisor will have the right to terminate this Agreement effective immediately upon receipt by the Franchisee of notice of default, if the Franchisee:

- (a) Voluntarily abandons the franchise relationship;
- (b) Is convicted in a court of competent jurisdiction of an offense directly related to the business conducted pursuant to this Agreement or is otherwise convicted of a felony;
- (c) Fails to cure a default under this Agreement or under any Franchise Agreement for a Red's Savoy Location which impairs the goodwill associated with the Marks after the Franchisee has received written notice to cure at least twenty-four (24) hours in advance of the notice of termination;
- (d) Makes an assignment for the benefit of creditors, or admits its inability to pay its obligations as they become due;
- (e) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated bankrupt or insolvent;
- (f) Commits repeated, material violations of any health, safety, or other regulatory law, ordinance or regulation or operates any Red's Savoy Location in a manner that presents a health or safety hazard to its employees, customers or the general public;
- (g) Makes an unauthorized assignment or transfer of this Agreement;
- (h) Consistently fails to pay its creditors, employees, or suppliers on a timely basis;
- (i) Signs a lease or sublease for a location for a Red's Savoy Location before the Franchisor has approved the location or before the Franchisee signs a Franchise Agreement for that Red's Savoy Location, or the Franchisee opens a Red's Savoy Location before the Franchisee has signed a Franchise Agreement for that location;
- (j) Fails to comply with the time for execution of a Franchise Agreement as set forth in Section 3.3 or the Development Schedule set forth in Section 3.4 for the opening of any Red's Savoy Location under this Agreement;
- (k) Has made a material misrepresentation on its application for this Agreement; or
- (l) Otherwise breaches this Agreement or any Franchise Agreement for a Red's Savoy Location (whether or not such breaches are corrected after notice) or any

specification, standard, or operating procedure prescribed by the Franchisor and does not correct such failure within the reasonable time set forth in the notice to cure sent by the Franchisor to the Franchisee which will in no event be required to be more than thirty (30) days.

4.2) The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like other than in accordance with applicable law, such provisions will, to the extent such are not in accordance with applicable law, be superseded by said law, and the Franchisor will comply with applicable law in connection with each of these matters.

ARTICLE 5. THE FRANCHISEE'S RIGHTS AND OBLIGATIONS UPON TERMINATION

5.1) The Franchisee will comply with all applicable provisions of this Agreement, including in the event of termination of this Agreement, those provisions with obligations that continue beyond the termination of this Agreement.

5.2) Upon termination of this Agreement for any reason, all rights granted to the Franchisee pursuant to this Agreement will automatically revert to the Franchisor and the Franchisor will have the right to develop the Development Area or to contract with one or more other franchisees for the future development of the Development Area.

5.3) Except to the extent the Franchisee's individual Franchise Agreements are also terminated, the Franchisee will continue to operate the Red's Savoy Locations owned and operated by the Franchisee in the Development Area pursuant to the terms of the applicable Franchise Agreements signed by the Franchisee and the Franchisor, and the rights and obligations of the Franchisee and the Franchisor will be governed by the terms of the applicable Franchise Agreements.

5.4) The Franchisee must, within three (3) business days of the termination or expiration, pay all sums owing to the Franchisor and its affiliates. In addition, the Franchisee must pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to Five Thousand Dollars (\$5,000) for each undeveloped Red's Savoy Location. The Franchisee agrees that this amount is in addition to the Development Fee paid under this Agreement, and for lost revenues for Royalty Fees (as defined in the Franchise Agreement) and other amounts payable to the Franchisor, including the fact that during the term of this Agreement, no other development in the Development Area was permitted, and that it would be difficult to calculate with certainty the amount of damage the Franchisor will incur. If a court determines that this liquidated damages provision is unenforceable, the Franchisor may pursue all other available remedies, including consequential damages.

ARTICLE 6. INDEPENDENT CONTRACTORS; INDEMNIFICATION

6.1) The Franchisor and the Franchisee are each independent contractors. The Franchisee will not make any agreements, representations, or warranties in the name of or on behalf of the Franchisor or represent that their relationship is other than that of franchisor and franchisee.

6.2) Neither the Franchisor nor the Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. The Franchisor will not be obligated to any person for any damages to any person or property directly or indirectly arising out

of the operation of the Franchisee's business that is conducted pursuant to this Agreement, or caused by the Franchisee's negligence, willful action, or failure to act.

6.3) The Franchisee will indemnify the Franchisor in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) wherein the liability of the Franchisor is alleged or in which it is named as a party as a result of activities by the Franchisee which are not in accordance with this Agreement, with the Franchisor's policies as published in Franchisor's manuals, or with any law, rule, regulation, or custom governing the Franchisee's business that is conducted pursuant to this Agreement. In the event that such an action or a claim is made against the Franchisor, the Franchisee will indemnify and hold harmless the Franchisor from all costs reasonably incurred by the Franchisor in the defense of any such claim brought against it or in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) in which it is named as a party including, without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses, and from all amounts paid or incurred by the Franchisor arising out of such claim or action (collectively, the "Costs"). The Franchisor will have the right to defend any claim made against it. Such an undertaking by the Franchisor will, in no manner or form, diminish the Franchisee's obligation to indemnify the Franchisor and hold it harmless. The Franchisor will not be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim against the Franchisee.

6.4) The Franchisor agrees to indemnify the Franchisee against, and to reimburse the Franchisee for, any obligation or liability for damages attributable to agreements, representations or warranties of the Franchisor, or resulting from the negligent or willful action of the Franchisor, and for Costs (as hereinabove defined) reasonably incurred by the Franchisee in the defense of any claim brought against it or in any action in which it is named as a party. The Franchisor will have the right to participate in and, to the extent the Franchisor deems necessary, to control any litigation or proceeding which might result in liability of or expense to the Franchisee subject to indemnification by the Franchisor.

6.5) The indemnities and assumption of liabilities and obligations herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 7. ASSIGNMENT OF DEVELOPMENT AGREEMENT

7.1) This Agreement is fully assignable by the Franchisor and will inure to the benefit of any assignee or other legal successor in interest of the Franchisor.

7.2) The Franchisee may not franchise, subfranchise, license, or sublicense any of its rights under this Agreement, or sell, assign, or transfer less than all of its rights under this Agreement to any other person or entity. The Franchisee may only Transfer (as defined below) its rights and interests under this Agreement if it obtains the Franchisor's prior written consent and the Franchisee transfers all of its rights and interests under all franchise agreements for Red's Savoy Location operated by the Franchisee or its affiliates in the Development Area to the same transferee. Accordingly, the assignment terms and conditions of the last franchise agreement the Franchisee signed for a Red's Savoy Location will apply to any Transfer of the Franchisee's rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, lease, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of the Franchisee's assets, or of any interest in the Franchisee. The Franchisor has granted the development rights hereunder based upon representations by the Franchisee that it is the Franchisee's intent in entering into this Agreement to open and operate the Red's Savoy Locations to be developed under this Agreement. In addition, if there are two

(2) individuals signing this Agreement as the Franchisee, and one (1) of those individuals is no longer involved in the ownership of the business that is developing Red's Savoy Locations, the withdrawal of that person will be considered a "Transfer." A "Transfer" will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change of ownership of the business such that less than a majority of the original signatories continue to have a majority interest in the equity of the business.

**ARTICLE 8.
MISCELLANEOUS**

The provisions set forth in the last franchise agreement Franchisee signed for a Red's Savoy Location containing any confidentiality, covenants not to compete, enforcement provisions, notice provisions, and sections referenced as "Enforcement", "Miscellaneous", "Acknowledgments" or "Franchisee Representations" are hereby incorporated into this Agreement by reference. Any reference to the expression "this Agreement" in such sections will be interpreted as a reference to this Agreement and any reference to "Designated Territory" will read as Development Area. Any provisions of this Agreement which by their nature, may or are to be performed following expiration or termination of this Agreement, will survive such termination or expiration.

**[THIS AGREEMENT CONTINUES WITH A RIDER,
WHICH IS PART OF THIS AGREEMENT]**

DEVELOPMENT AGREEMENT RIDER

- 1. **Effective Date:** _____
- 2. **Developer:** _____
- 3. **Development Area:** _____

If this Development Area references one or more sites yet to be determined, then the Franchisor reserves the right to develop and operate a Red’s Savoy Location in and around the above-described city, county, or area, and to sell franchises and grant territories to others—including through development agreements—who will operate Red’s Savoy Locations in and around the above-described city, county, or area. The Franchisee may then be required to choose a final location for the Franchisee’s Red’s Savoy Location outside of any protected territory given to the Franchisor or to any other franchisee or developer, which final location may be outside of the county, city, or area identified above. Should this happen, the Franchisee would have to obtain the Franchisor’s review and approval for a new Development Area, and location for the Franchisee’s Red’s Savoy Locations.

- 4. **Number of Red’s Savoy Locations** to be opened in the Development Area: _____
- 5. **Development Fee:** _____
- 6. **Development Schedule:** The Franchisee acknowledges and agrees that a material provision of this Development Agreement is that the following number of Red’s Savoy Locations must be opened and continuously operated by the Franchisee in the Development Area in accordance with the following Development Schedule:

RED’S SAVOY LOCATION NUMBER	DATE BY WHICH FRANCHISE AGREEMENT MUST BE SIGNED AND SITE APPROVAL REQUEST MUST BE SUBMITTED TO FRANCHISOR	DATE BY WHICH THE RED’S SAVOY LOCATION MUST BE OPENED AND OPERATED BY FRANCHISEE IN THE AREA	CUMULATIVE NUMBER OF RED’S SAVOY LOCATIONS TO BE OPENED AND OPERATED BY FRANCHISEE IN THE DEVELOPMENT AREA AS OF THE DATE IN PRECEDING COLUMN
1	Date of this Agreement		1
2			2
3			3
4			4
5			5

For purposes of determining compliance with this Development Schedule, only the Red’s Savoy Locations the Franchisee actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Red’s Savoy Locations required to be open and operated by the Franchisee.

- 7. **Address for notice to Franchisee:** _____

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

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

EXHIBIT 1
TRANSFER FORMS
[USED IN EVENT OF TRANSFER]

In consideration of the agreement of RSP Franchise, LLC (“**Franchisor**”) to consent to the transfer by _____ (“**Franchisee**”) of its Development Agreement dated _____ between Franchisee and Franchisor (the “**Agreement**”), Franchisee hereby releases and forever discharges Franchisor, its directors, officers, members, shareholders, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to franchisee, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE UNDERSIGNED’S BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

FRANCHISEE: _____

SIGNED: _____

PRINTED NAME: _____

ITS: _____

DATED: _____

EXHIBIT 2 GUARANTY

IN CONSIDERATION of the execution of the Development Agreement to which this Guaranty is attached (the “**Development Agreement**”) by RSP Franchise, LLC (the “**Franchisor**”), and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby jointly and severally guarantee to Franchisor and to Franchisor’s successors and assigns the payment of all fees required to be paid to Franchisor or its affiliates by the party named as Franchisee in the Development Agreement (“**Franchisee**”), whether such fees are provided for in the Development Agreement or under any other agreement between Franchisor and Franchisee and the performance by Franchisee of all its obligations under all such agreements, and under all manuals and operating procedures of the RED’S SAVOY PIZZA business system. The undersigned further specifically agree to remain individually bound by all covenants, obligations and commitments of Franchisee contained in the Development Agreement to the same extent as if each of the undersigned had individually been named as Franchisee in the Development Agreement and had individually executed the Development Agreement as Franchisee.

The undersigned understand and agree that any modification of the Development Agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Development Agreement, including any addendum or addenda thereto, will not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, or affected or diminished. Notice to the undersigned of any such modification, waiver, extension or forbearance under the terms thereof being hereby waived. The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee will release or otherwise affect the obligations of the undersigned to pay all fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of the RED’S SAVOY business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the Development Agreement to the same extent as if each of the undersigned had individually executed the Development Agreement as Franchisee.

This Guaranty will be enforceable upon ten (10) days’ written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Development Agreement and addendum or addenda thereto.

The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Development Agreement, in whole or in part, that Franchisor or its assignees may make.

This Guaranty will be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty will apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

[Signatures follow on next page.]

GUARANTOR: _____

GUARANTOR: _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

DATED: _____

DATED: _____

GUARANTOR: _____

GUARANTOR: _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

DATED: _____

DATED: _____

EXHIBIT 3
STATE-SPECIFIC ADDENDA

**STATE SPECIFIC ADDENDUM TO DEVELOPMENT AGREEMENT
AS REQUIRED BY THE MINNESOTA FRANCHISE LAW**

Notwithstanding anything to the contrary set forth in the RED'S SAVOY PIZZA® Development Agreement, the following provisions will supersede any inconsistent provisions and apply to all RED'S SAVOY PIZZA franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if the Franchisee is a resident of Minnesota or if the Franchisee's business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or of Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 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) of the Franchise Agreement, and 180 days' notice for non-renewal of the Franchise Agreement.

3. The Development Agreement is revised to include the following:

"To the extent required by the Minnesota Franchise Act, Franchisor will protect Franchisee's rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided Franchisee is using the names and marks in accordance with this Agreement."

4. Franchisor will not require Franchisee to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment of the Development Agreement.

5. Franchisor will not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing will not bar the voluntary settlement of disputes.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law are met independently without reference to this Addendum.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY. SIGNATURES FOLLOW ON THE NEXT PAGE.]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date of the Development Agreement.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____

**STATE SPECIFIC ADDENDUM TO DEVELOPMENT AGREEMENT
AS REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the RED'S SAVOY PIZZA® Area Development Agreement, the following provisions will supersede any inconsistent provisions and apply to all RED'S SAVOY PIZZA franchises offered and sold in the state of North Dakota:

1. The North Dakota Securities Commissioner has determined that it is unfair, unjust, and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, any requirement that the franchisee sign a release upon renewal of the Franchise Agreement is deleted from the Development Agreement.
2. Any references in the Development Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.
3. The Development Agreement's Section 8 is revised to provide that, "Covenants not to compete, such as those mentioned above, are generally considered unenforceable in the State of North Dakota."
4. The Development Agreement's Section 8 is revised to provide that the site of arbitration or mediation must be agreeable to all parties and will not be remote from the franchisee's place of business.
5. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota, including courts in Minnesota. Therefore, any references and any requirements in the Development Agreement that the franchisee consent to the jurisdiction of courts located outside of North Dakota are deleted.
6. The franchisor and franchisee's relationship as described in the Development Agreement, and any claims arising from the relationship or the agreement, whether arising under the North Dakota franchise law or otherwise, will be governed by the laws of the State of North Dakota.
7. Any references in the Development Agreement to any requirement to consent to a waiver of trial by jury are deleted.
8. Any references in the Development Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
9. Any reference in the Franchise Agreement to any requirement to consent to a limitation of claims within one year is amended to read that, "the statute of limitations under North Dakota Law will apply."
10. Each provision of this Addendum will be effective only to the extent, with respect to that provision, that North Dakota's Franchise Investment Law's jurisdictional requirements are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date of the Franchise Agreement.

FRANCHISEE: _____

FRANCHISOR: RSP FRANCHISE, LLC _____

SIGNED: _____

SIGNED: _____

PRINTED NAME: _____

PRINTED NAME: _____

ITS: _____

ITS: _____

DATED: _____

DATED: _____



EXHIBIT E

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

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FRANCHISE OPERATIONS MANUAL

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EXHIBIT F-1

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND AREA DEVELOPERS

As of December 31, 2021

Franchisee	Location	Projected Opening	Address	Phone Number
Garrison Reed, LLC*	St. Paul - Downtown	Temporarily Closed	400 Wabasha St. Saint Paul, MN 55102	(651) 797-3774
	Edina	Operating	4960 W 77th St. Edina, MN 55435	(952) 831-8100
ESP3WB, LLC	St. Paul - East	Operating	520 White Bear Ave N Saint Paul, MN 55106	(651) 731-1068
FSS Enterprises, LLC	Burnsville	Operating	262 E. Travelers Trail Burnsville, MN 55337	(952) 895-9100
MJM Enterprises, Inc.	Eagan	Operating	3250 Denmark Avenue Eagan, MN 55123	(651) 454-6400
R & G Services Limited	Hugo	Operating	14755 Victor Hugo Blvd. Hugo, MN 55038	(651) 426-1355
	Blaine	Operating	1450 109th Ave. Blaine, MN 55449	(763) 208-9728
S6 Enterprises, LLC	Woodbury	Operating	1575 Queens Drive Woodbury, MN 55125	(651) 340-8502
AEM, Inc.	Roseville	Operating	1145 Woodhill Drive Roseville, MN 55113	(651) 488-0968
Kingz Pizza	Osseo	Operating	225 Central Ave. Osseo, MN 55369	(763) 205-4662
Hennessy Foods, Inc.	St. Louis Park	Operating	8508 Hwy 7 St Louis Park, MN 55426	(952) 500-8027
AVSavoyBJV (Brian Beers)	Apple Valley	Operating	15050 Cedar Ave. Apple Valley, MN 55124	(952) 683-9999
LakeSavoy, LLC (Brian Beers)	Lakeville	Operating	17450 Kenwood Trail Lakeville, MN 55044	(952)236-9499
Savoy St. Paul West, LLC	St. Paul - West	Operating	143 Snelling Ave N Saint Paul, MN 55104	(651) 646-6400
Tempus Fugit, LLC (Kristopher Residence)	Eden Prairie	Operating	582 Prairie Center Dr. Eden Prairie, MN 55344	(952) 944-3020
Ruach, LLC (Kristopher Residence)	Shakopee	Operating	582 Prairie Center Dr. Eden Prairie, MN 55344	(952) 944-3020
Kristopher Residence	Prior Lake	March 2023	582 Prairie Center Dr. Eden Prairie, MN 55344	(952) 944-3020
Space TG, LLC	Minnetonka	June 2022	8400 Coral Sea Ct. NE Suite 100 Mounds View, MN 55112	(612) 670-4229
	Chanhassen	February 2022		
	Rochester	TBD		
	Rochester	TBD		
	Plymouth	TBD		
	Golden Valley	TBD		
	Downtown Minneapolis	TBD		
	Hudson, WI	TBD		
	Stillwater	TBD		
	Mankato	TBD		

* These locations are owned by our affiliate.



EXHIBIT F-2

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND AREA DEVELOPERS THAT LEFT THE SYSTEM

None.



EXHIBIT G

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS



Certified Public Accountants and Business Consultants

Member of American Institute of Certified Public Accountants and California Society of Public Accountants
Participant in Quality Review Program of AICPA

ACCOUNTANT'S CONSENT

GTL, LLP hereby consents to the use in the Franchise Disclosure Document issued by RSP Franchise, LLC ("Franchisor") on March 28, 2022 as it may be amended, of our report dated February 23, 2022, relating to the financial statements of Franchisor for the period ending December 31, 2021.

A handwritten signature in blue ink that reads "Fabio Vasco." with a period at the end.

Fabio Vasco, CPA
GTL, LLP

RSP FRANCHISE, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Managing Member
RSP Franchise, LLC
Eden Prairie, Minnesota

Opinion

We have audited the accompanying financial statements of RSP Franchise, LLC ("the Company"), a Minnesota limited liability company, which comprises the balance sheets as of December 31, 2021 and 2020, and the related statements of income and member's 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 the Company 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 RSP Franchise, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 to these financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

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 is 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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 the Company's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RSP Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

GTL, LLP

Sherman Oaks, California
February 23, 2022

RSP FRANCHISE, LLC
Balance Sheets
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 254,943	\$ 425,155
Accounts receivable, net	161,546	73,465
Total current assets	416,489	498,620
Property and equipment, net	166,971	230,973
Goodwill, net	290,000	330,000
Total Assets	\$ 873,460	\$ 1,059,592
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 40,615	\$ 50,789
Gift card liability	95,313	75,011
Deferred franchise fees-current portion	30,385	8,571
Notes payable - current portion	55,534	55,742
Total current liabilities	221,847	190,113
Deferred franchise fees, net of current portion	138,371	163,661
Notes payable, net of prepaid loan fees and current portion	422,641	520,676
Total liabilities	782,859	874,449
Member's equity	90,601	185,143
Total liabilities and member's equity	\$ 873,460	\$ 1,059,592

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

RSP FRANCHISE, LLC
Statements of Income and Changes in Member's Equity
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue	\$ 1,543,188	\$ 919,293
Operating expenses		
Selling	228,239	153,995
General and administrative	<u>978,682</u>	<u>754,925</u>
Total operating expenses	<u>1,206,921</u>	<u>908,920</u>
Income from operations	<u>336,267</u>	<u>10,373</u>
Other income (expense)		
Interest income	-	444
Other income	8,948	42,038
PPP loan forgiveness	-	33,300
Interest expense	<u>(32,047)</u>	<u>(37,092)</u>
Total other income (expense)	<u>(23,099)</u>	<u>38,690</u>
Income before income taxes	313,168	49,063
Income taxes	<u>37,710</u>	<u>-</u>
Net income	275,458	49,063
Member's equity, beginning of period	185,143	156,846
Distributions	<u>(370,000)</u>	<u>(20,766)</u>
Member's equity, end of period	<u>\$ 90,601</u>	<u>\$ 185,143</u>

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

RSP FRANCHISE, LLC
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Net income	\$ 275,458	\$ 49,063
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	104,007	92,232
Changes in operating assets and liabilities		
Accounts receivable	(88,081)	(16,843)
Accounts payable and accrued expenses	(10,174)	2,725
Gift card liability	20,302	32,897
Deferred franchise fees	(3,476)	172,232
Net cash provided by operating activities	298,036	332,306
Cash flows from investing activities		
Equipment purchases	-	(106,464)
Net advances due from related parties	-	77,990
Net cash (used-in) investing activities	-	(28,474)
Cash flows from financing activities		
Proceeds from note payable	-	42,569
Principal payments on notes payable	(98,248)	(18,881)
Member distributions	(370,000)	(20,766)
Net cash (used-in) provided by financing activities	(468,248)	2,922
Net (decrease) increase in cash	(170,212)	306,754
Cash, beginning of period	425,155	118,401
Cash, end of period	\$ 254,943	\$ 425,155

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ 32,047	\$ 37,092
Taxes	\$ 37,710	\$ -

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

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2021 and 2020

1. NATURE OF OPERATIONS

RSP Franchise, LLC (the Company), a single member LLC, is a franchisor. The Company franchises locations under the name of Red's Savoy Pizza in the restaurant industry. The Company receives an initial franchise fee and continuing fees monthly from the franchisees based upon the franchisee's sales volume. The continuing fees include royalties, marketing fees and web development fees. There are currently franchise agreements for 15 franchise locations of Red's Savoy Pizza in the State of Minnesota, all of which are operating. In addition there are three franchise agreements for three locations that are not yet opened.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year

The Company's fiscal year is December 31.

Basis of accounting and financial statement presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United State of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents. The Company did not maintain cash balances that exceeded the FDIC insurance guarantees.

Property and equipment

Property and equipment is carried at cost. Depreciation of equipment is provided using the straight-line method over five years. Repairs and maintenance are charged to expense as incurred.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Goodwill

The Company has adopted Accounting Standards Update ("ASU") 2016-18, Accounting for Identifiable Intangible Assets in a Business Combination. Under this accounting alternative, private companies should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business, and (2) noncompetition agreements. When this accounting alternative is elected, the private company accounting alternative for amortizing goodwill must also be adopted (see Note 5).

Revenue recognition

The Company recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-9, *Revenue from Contracts with Customers* (Topic 606) (codified as ASC 606). ASC 606 is based upon the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services utilizing a new five-step revenue recognition model, which steps include (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

In accordance with ASC 606, franchise fees are recognized as deferred revenue at the time a franchise agreement is executed or when the location commences operations. The deferred revenue is then recognized as revenue pro-rata over the term of the agreement. For area development agreements, the development fees are recognized at the time an area development agreement is executed. The deferred revenue is then recognized pro-rata over the term of the agreement or when the required number of franchises in the area development agree are satisfied, whichever occurs earlier.

Deferred commissions for sales of franchises are recorded at the time of sale and recognized as commission expense over the term of the franchise agreement.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue recognition (continued)

Royalty and marketing fees are recognized when received as a percentage (usually 5% for royalties and 3% for marketing fees) of franchisee sales. In addition, franchisees are obligated to pay web development fees at a fixed rate of \$685 per month also when received.

Concentrations

The Company's bank balances may exceed the FDIC-insured limits. The Company does not anticipate any loss related to these balances. The Company has one customer that represents 43% of accounts receivable.

Income taxes

The Company is organized as a limited liability company that is taxed as a sole proprietorship under the Internal Revenue Code and. The profits and losses of the Company flow through to the member rather than the Company level. Accordingly, the Company will have no tax liability for federal tax purposes.

As a Minnesota limited liability company the Company is subject to tax laws of the state of Minnesota. The state allows limited liability companies to have an annual election to be taxed as an S Corporation. In 2021, the Company elected to be an S Corporation for Minnesota tax purposes. The Company incurred \$37,710 in Minnesota taxes for the year ended December 31, 2021.

The Company has not been audited by the Internal Revenue Service or other state agencies. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable include uncollateralized receivables from the Company's franchisees, due in the normal course of business which include royalties, marketing fees and web development fees. Interest does not accrue on delinquent balances.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of amounts that will not be collected. At December 31, 2021 and 2020, management believes all amounts will be collected, thus no need for an allowance for doubtful accounts is considered necessary.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2021 and 2020

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Equipment	\$ 207,931	\$ 207,931
Vehicles	106,464	106,464
	314,395	314,395
Less accumulated depreciation	(147,424)	(83,422)
	\$ 166,971	\$ 230,973

Depreciation expense for the years ended December 31, 2021 and 2020 was \$64,007 and \$52,232, respectively.

5. GOODWILL

The Company accounts for goodwill under the private company accounting alternative for ASC 350, Intangibles - Goodwill and Other. The accounting alternative allows private companies to amortize goodwill on a straight-line basis over 10 years or less if the private company demonstrates that another useful life is more appropriate. The Company has elected to amortize goodwill over 10 years. The accounting alternative also permits a private company to apply a simplified impairment model to goodwill. Goodwill impairment is measured at the reporting unit level. Amortization expense for goodwill was \$40,000 for the year ended December 31, 2021 and 2020, respectively.

Goodwill, net of accumulated amortization is summarized as follows as of December 31, 2021:

Goodwill	\$ 400,000
Less accumulated amortization	(110,000)
	\$ 290,000

The future amortization of goodwill for each year subsequent to December 31, 2021 is as follows:

<u>Year ending December 31,</u>	
2022	40,000
2023	40,000
2024	40,000
2025	40,000
Thereafter	130,000
	\$ 290,000

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2021 and 2020

6. NOTES PAYABLE

	<u>2021</u>	<u>2020</u>
Term note, SBA, used to finance the purchase of the Company, bearing interest at the prime rate plus 2.5% (5.75% at December 31, 2021), monthly principal and interest payments of \$7,006, personally guaranteed by the sole member of the Company and spouse, maturing April 2030, net of debt issuance costs of \$12,283.	\$ 478,175	\$ 537,281
Note payable, secured by a vehicle, bearing interest at 0.9% per annum, liquidated during 2021	-	39,137
	478,175	576,418
Less current portion	(55,534)	(55,742)
	\$ 422,641	\$ 520,676

Future maturities of these notes payable are as follows:

December 31,	
2022	\$ 55,534
2023	59,077
2024	62,604
2025	66,458
2026	70,481
Thereafter	164,021
	\$ 478,175

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2021 and 2020

7. DEBT ISSUANCE COSTS

Debt issuance costs are amortized over the term of the note payable. As of December 31, 2021, the total net debt issuance cost reducing the carrying value of the long-term debt was \$12,283. The amortization related to the debt issuance costs for the year ended December 31, 2021 totaled \$1,675 and is included as a component of interest expense. Expected annual amortization of capitalized debt issuance costs is \$1,675 for 2022 through 2030.

8. RETIREMENT PLAN

The Company has adopted a 401(k) plan which allows all employees meeting the minimum service eligibility requirement to defer their pay on a pre-tax basis, up to the statutory maximum. The Company matches employee contributions at a rate of 100% of the first 3% deferred and 50% of contributions over 3% up to 5% deferred. Employer matching contributions totaled \$5,264 and \$6,424 for the years ended December 31, 2021 and 2020, respectively.

9. SUBSEQUENT EVENTS AND EMPHASIS OF MATTER

Management has evaluated subsequent events through February 23, 2022, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events and the potential impact on the Company cannot be reasonably estimated at this time.

10. PAYCHECK PROTECTION PROGRAM

On April 9, 2020, the Company received \$33,300 in loan funding from the Paycheck Protection Program (the"PPP"), established pursuant to the recently enacted Coronavirus Aid, Relief and Economic Security Act (the"CARES Act") and administered by the U.S. Small Business Administration (the"SBA"). The loan matured in April 2050 and carried an annual interest rate of 1%. The loan was forgiven under the terms of the PPP and therefore had recognized it as other income in the accompanying statements of income and changes in member's equity in these financial statements for the year ended December 31, 2020.

RSP Franchise, LLC

**Communication with Those
Charged with Governance**

December 31, 2019



July 6, 2020

To the Member
RSP Franchise, LLC

We have audited the financial statements of RSP Franchise, LLC as of December 31, 2019, and for the period from April 4, 2019 (inception) through December 31, 2019 and have issued our report thereon dated July 6, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated February 19, 2020 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of these financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of RSP Franchise, LLC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Qualitative Aspects of the Company's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by RSP Franchise, LLC are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed at December 31, 2019. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement was:

Subsequent events:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events and the potential impact on the Company cannot be reasonably estimated at this time.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 6, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statement

With respect to the Franchise Disclosure Document accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the Franchise Disclosure Document to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This report is intended solely for the information and use of the Member and management of RSP Franchise, LLC and is not intended to be and should not be used by anyone other than these specified parties.

GT4LLP

Sherman Oaks, California

RSP FRANCHISE, LLC

FINANCIAL STATEMENTS

**FOR THE PERIOD FROM APRIL 4, 2019 (INCEPTION)
THROUGH DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Managing Member
RSP Franchise, LLC
Eden Prairie, Minnesota

We have audited the accompanying financial statements of RSP Franchise, LLC (a Minnesota limited liability company) (the "Company"), which comprise the balance sheet as of December 31, 2019, and the related statements of operations and changes in member's equity, and cash flows for the period from April 4, 2019 (inception) through December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RSP Franchise, LLC for the period from April 4, 2019 (inception) through December 31, 2019, and the results of its operations and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

GTL, LLP

Sherman Oaks, California
July 6, 2020

RSP FRANCHISE, LLC

Balance Sheet

December 31, 2019

ASSETS

Current assets	
Cash	\$ 118,401
Accounts receivable	90,308
Due from member, related party	55,665
Loans to franchisees, related party	<u>22,325</u>
Total current assets	286,699
Property and equipment, net	176,741
Goodwill, net	<u>370,000</u>
Total Assets	<u><u>\$ 833,439</u></u>

LIABILITIES AND MEMBER'S EQUITY

Current liabilities	
Accounts payable and accrued expenses	\$ 48,064
Gift card liability	42,114
Note payable - current portion	<u>45,213</u>
Total current liabilities	135,391
Note payable, net of prepaid loan fees and current portion	<u>541,203</u>
Total liabilities	676,593
Member's equity	<u>156,846</u>
Total liabilities and member's equity	<u><u>\$ 833,439</u></u>

The accompanying notes are an integral part of these financial statements

RSP FRANCHISE, LLC
Statement of Operations and Changes in Member's Equity
For the Period from April 4, 2019 (inception) through December 31, 2019

Revenue	\$ 842,058
Operating expenses	
Selling	132,439
General and administrative	487,157
Total operating expenses	<u>619,596</u>
Income from operations	<u>222,462</u>
Other income (expense)	
Interest income	2,422
Interest expense	<u>(33,138)</u>
Total other income (expense)	<u>(30,716)</u>
Net income	<u>191,746</u>
Member's equity, beginning of period	-
Distributions	<u>(34,900)</u>
Member's equity, end of period	<u><u>\$ 156,846</u></u>

The accompanying notes are an integral part of these financial statements

RSP FRANCHISE, LLC
Statement of Cash Flows

For the Period from April 4, 2019 (inception) through December 31, 2019

Cash flows from operating activities	
Net Income	\$ 191,746
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	61,190
Changes in operating assets and liabilities	
Accounts receivable	(90,308)
Accounts payable and accrued expenses	48,064
Gift card liability	42,114
Net cash provided by operating activities	<u>252,806</u>
Cash flows from investing activities	
Equipment and goodwill purchases	(607,930)
Net advances to (from) related parties	<u>(77,990)</u>
Net cash used-in investing activities	<u>(685,920)</u>
Cash flows from financing activities	
Proceeds from note payable	630,000
Principal payments on note payable	(28,091)
Unamortized loan fees	(15,494)
Member distributions	<u>(34,900)</u>
Net cash provided by financing activities	<u>551,515</u>
Net increase in cash	118,401
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>\$ 118,401</u></u>
Supplemental disclosures of cash flow information	
Cash paid during the year for	
Interest	<u><u>\$ 33,138</u></u>

The accompanying notes are an integral part of these financial statements

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2019

1. NATURE OF OPERATIONS

RSP Franchise, LLC (the Company), a single member LLC, is a franchisor. The Company franchises locations under the name of Red's Savoy Pizza in the restaurant industry. The Company receives an initial franchise fee and continuing fees monthly from the franchisees based upon the franchisee's sales volume. The continuing fees include royalties, marketing fees and web development fees. There are currently 16 franchise locations of Red's Savoy Pizza in the State of Minnesota, all of which are operating.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year

The Company's fiscal year is December 31.

Basis of accounting and financial statement presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United State of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents. The Company did not maintain cash balances that exceeded the FDIC insurance guarantees.

Property and equipment

Property and equipment is carried at cost. Depreciation of equipment is provided using the straight-line method over five years. Repairs and maintenance are charged to expense as incurred.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Goodwill

The Company has adopted Accounting Standards Update ("ASU") 2016-18, Accounting for Identifiable Intangible Assets in a Business Combination. Under this accounting alternative, private companies should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business, and (2) noncompetition agreements. When this accounting alternative is elected, the private company accounting alternative for amortizing goodwill must also be adopted (see Note 6).

Revenue recognition

The Company recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-9, *Revenue from Contracts with Customers* (Topic 606) (codified as ASC 606). ASC 606 is based upon the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services utilizing a new five-step revenue recognition model, which steps include (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

In accordance with ASC 606, franchise fees are recognized as deferred revenue at the time a franchise agreement is executed or when the location commences operations. The deferred revenue is then recognized as revenue pro-rata over the term of the agreement. For area development agreements, the development fees are recognized at the time an area development agreement is executed. The deferred revenue is then recognized pro-rata over the term of the agreement or when the required number of franchises in the area development agree are satisfied, whichever occurs earlier.

Deferred commissions for sales of franchises are recorded at the time of sale and recognized as commission expense over the term of the franchise agreement.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Concentrations

The Company's bank balances may exceed the FDIC-insured limits. The Company does not anticipate any loss related to these balances.

Income taxes

The Company is organized as a limited liability company that is taxed as a sole proprietorship under the Internal Revenue Code and applicable state statutes. The profits and losses of the Company flow through to the member rather than the Company level. Accordingly, the Company will have no tax liability.

The Company has not been audited by the Internal Revenue Service or other state agencies. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable include uncollateralized receivables from the Company's franchisees, due in the normal course of business which include royalties, marketing fees and web development fees. Interest does not accrue on delinquent balances.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts, the aging of the accounts receivable and historical experience. If there is a deterioration of a major franchisee's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Company could be adversely affected. At December 31, 2019, management believes all amounts will be collected, thus no need for an allowance for doubtful accounts is considered necessary.

4 DUE FROM MEMBER AND LOANS TO FRANCHISEES - RELATED PARTIES

At December 31, 2019, the amount due from member of \$55,665 is noninterest bearing, unsecured and due upon demand; and \$22,325 due from franchisees bear interest at 7% per annum, unsecured and due upon demand, which was paid in full subsequent to December 31, 2019 by the franchisees.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2019

5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Equipment	\$ 207,931
Less accumulated depreciation	<u>(31,190)</u>
	<u>\$ 176,741</u>

Depreciation expense for the year ended December 31, 2019 was \$31,190.

6 GOODWILL

The Company accounts for goodwill under the private company accounting alternative for ASC 350, Intangibles - Goodwill and Other. The accounting alternative allows private companies to amortize goodwill on a straight-line basis over 10 years or less if the private company demonstrates that another useful life is more appropriate. The Company has elected to amortize goodwill over 10 years. The accounting alternative also permits a private company to apply a simplified impairment model to goodwill. Goodwill impairment is measured at the reporting unit level. Amortization expense for goodwill was \$30,000 for the year ended December 31, 2019.

Goodwill, net of accumulated amortization is summarized as follows as of December 31, 2019:

Goodwill	\$ 400,000
Less accumulated amortization	<u>(30,000)</u>
	<u>\$ 370,000</u>

The future amortization of goodwill for each year subsequent to December 31, 2019 is as follows:

<u>Year ending December 31,</u>	
2020	\$ 40,000
2021	40,000
2022	40,000
2023	40,000
2024	40,000
Thereafter	170,000
	<u>\$ 370,000</u>

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2019

7 NOTE PAYABLE

On April 11, 2019, the Company obtained a \$630,000 term loan financed with the Small Business Administration (SBA). The agreement includes a variable interest rate of prime plus 2.50% (4.75% at December 31, 2019) (starting at 8%) (adjusted every quarter), with principal and interest monthly payments of \$7,651, with all unpaid principal and interest due ten (10) years from the date of the note, or April 11, 2030. The loan is personally guaranteed by Ashley M. Daniels, as an individual, Reed M. Daniels, as an individual and Kabyt, LLC with Reed M. Daniels as its sole member. The Company used all proceeds to purchase the Company.

Future maturities on this note payable are as follows:

December 31,		
2020	\$	45,213
2021		45,213
2022		45,213
2023		45,213
2024		45,213
Thereafter		375,844
		601,909
Less current portion		(45,213)
Long term portion		556,696
Less unamortized loan fees		(15,494)
	\$	541,203

8 DEBT ISSUANCE COSTS

Debt issuance costs are amortized over the term of the note payable. As of December 31, 2019, the total net debt issuance cost reducing the carrying value of the long term debt was \$15,494. The amortization related to the debt issuance costs for the year ended December 31, 2019 totaled \$1,256 and is included as a component of interest expense. Expected annual amortization of capitalized debt issuance costs is \$1,675 for 2020 through 2030.

RSP FRANCHISE, LLC
Notes to Financial Statements
December 31, 2019

9 RETIREMENT PLAN

The Company has adopted a 401(k) plan which allows all employees meeting the minimum service eligibility requirement to defer their pay on a pre-tax basis, up to the statutory maximum. The Company matches employee contributions at a rate of 100% of the first 3% deferred and 50% of contributions over 3% up to 5% deferred. Employer matching contributions totaled \$3,457 for the period ended December 31, 2019.

10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 6, 2020, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events and the potential impact on the Company cannot be reasonably estimated at this time.

RSP FRANCHISE, LLC

BALANCE SHEET

APRIL 4, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
RSP Franchise, LLC
Eden Prairie, Minnesota

We have audited the accompanying balance sheet of RSP Franchise, LLC (a Minnesota Company) as of April 04, 2019, and the related notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of RSP Franchise, LLC as of April 04, 2019, in accordance with accounting principles generally accepted in the United States of America.

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP
Minneapolis, Minnesota
April 15, 2019

RSP FRANCHISE, LLC

BALANCE SHEET

APRIL 4, 2019

CURRENT ASSETS

Cash \$ 70,001

Total assets \$ **70,001**

MEMBER'S EQUITY

Contributed capital \$ 70,001

Total member's equity \$ **70,001**

The Notes to the Balance Sheet are an integral part of this statement.

RSP FRANCHISE, LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business description:

RSP Franchise, LLC (The Company), a single member LLC, is currently in the process of obtaining a franchise license. The Company will franchise locations under the name of Red's Savoy Pizza® in the pizza industry. The Company will receive an initial franchise fee and continuing fees monthly from the franchisees. The initial franchise fee will be \$30,000. The Company has not signed any franchisees as of April 4, 2019 because they are still in the process of applying for their franchise license. There are currently 17 franchised locations of Red's Savoy Pizza in the State of Minnesota.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents. The Company did not maintain cash balances that exceeded the FDIC insurance guarantees.

Recently Issued Accounting Pronouncements:

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for companies to use in accounting for revenue from contracts with customers. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's financial statements and anticipates the new guidance will not impact its financial statements given the Company has no lease obligations.

RSP FRANCHISE, LLC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Income taxes:

The Company is organized as a Limited Liability Company that is taxed as a sole proprietorship under the Internal Revenue code and applicable state statutes. The profits and losses of the Company flow through to the sole owner rather than the Company level. Accordingly, the Company will have no tax liability.

The Company has not been audited by the Internal Revenue Service or other state agencies. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements.

NOTE 2. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2019, the date at which the financial statements were available to be issued.



EXHIBIT H

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

TRANSFER FORMS

**ASSIGNMENT, SALE AND TRANSFER
TO ENTITY OWNED BY ORIGINAL FRANCHISEE**

A. Assignment and Sale

Pursuant to the Franchise Agreement dated _____, by and between the undersigned and RSP Franchise, LLC (the “**Agreement**”), I/we hereby transfer, subject to approval by RSP Franchise, LLC (the “**Franchisor**”), all my/our rights in the Agreement, effective _____, to the transferee named below. I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce the Franchisor to approve this assignment, I/we also agree:

(01) to subordinate any payment due to me/us from the Transferee (as defined below) to any other obligation the Transferee may have to the Franchisor. If the Franchisor notifies me/us of our default by the Transferee of its obligations to the Franchisor under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until the Franchisor has confirmed, in writing, that such defaults have been cured.

(02) I/we release the Franchisor and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.

(03) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

Name of New Franchisee (“**Transferee**”)

Address of Transferee

City, State and Zip Code

Signature of Original Franchisee(s) (“**Transferor**”)

Date

B. Acceptance of Transfer by New Franchisee

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of the Franchisee named herein.

_____ (name of new Franchisee)

By: _____ Dated: _____
Signature, Title

C. Approval of Transfer

It is hereby agreed that the entity transferee named above is approved and accepted as Franchisee as described in the Agreement and is authorized to exercise all rights and obligations of the Franchisee named in the Agreement.

RSP Franchise, LLC

By: _____

Its: _____

**ASSIGNMENT, SALE AND TRANSFER
TO ENTITY OWNED BY ORIGINAL FRANCHISEE**

A. Assignment and Sale

Pursuant to Article 7 of the Development Agreement dated _____, by and between the undersigned and RSP Franchise, LLC (the “**Agreement**”), I/we hereby transfer, subject to approval by RSP Franchise, LLC (the “**Franchisor**”), all my/our rights in the Agreement, effective _____, to the transferee named below. I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce the Franchisor to approve this assignment, I/we also agree:

(01) to subordinate any payment due to me/us from the Transferee (as defined below) to any other obligation the Transferee may have to the Franchisor. If the Franchisor notifies me/us of our default by the Transferee of its obligations to the Franchisor under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until the Franchisor has confirmed, in writing, that such defaults have been cured.

(02) I/we release the Franchisor and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.

(03) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

_____ Name of New Franchisee (“ Transferee ”)
_____ Address of Transferee
_____ City, State and Zip Code
_____ Signature of Original Franchisee(s) (“ Transferor ”)
_____ Date

B. Acceptance of Transfer by New Franchisee

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of the Franchisee named herein.

_____ (name of new Franchisee)

By: _____ Dated: _____
Signature, Title

C. Approval of Transfer

It is hereby agreed that the entity transferee named above is approved and accepted as Franchisee as described in the Agreement and is authorized to exercise all rights and obligations of the Franchisee named in the Agreement.

RSP Franchise, LLC

By: _____

Its: _____



EXHIBIT I

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE – PROSPECTIVE FRANCHISEES

As you know, RSP FRANCHISE, LLC (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the operation of a franchised RED’S SAVOY® LOCATION (the “**Franchise**”). The purpose of this Questionnaire is, in large part, to determine whether any statements or promises were made to you that the Franchisor has not authorized and that you understand the nature of the transaction. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Do you understand all of the information contained in the Franchise Disclosure Document?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Do you understand the terms of and your obligations under the Franchise Agreement?		
6. Are you legally eligible to work or own a business in the United States and/or Canada, including the state or province in which the Franchise will be located?		
7. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation regarding the actual, average or projected revenues, or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
8. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than the agreements contained in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
9. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual or other promises, agreements, commitments, understandings, rights-of-first refusal or otherwise to you with respect to any matter, except as expressly set forth in the Franchise Agreement or in an attached written Amendment signed by you and us?		

QUESTION	YES	NO
<p>10. Are you legally eligible to travel to and attend New Franchisee Training at one of our designated training centers in the United States? If you answer “no”, please provide an explanation here:</p> <p>_____</p> <p>_____</p>		
<p>11. Are you currently involved in any other businesses/franchises that may interfere with the non-compete commitments in the Red’s Savoy Franchise Agreement, or any other agreements you may have with other businesses/franchises? If yes, please describe the businesses/franchises here:</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>12. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Red’s Savoy Location) that will affect your ability to sign or perform your obligations under the Franchise Agreement?</p> <p>_____</p> <p>_____</p>		
<p>13. Have there been any changes in any of the information you have provided to us or our affiliates in connection with any application for the Franchise, or in any application, statement or report you have provided to us? If yes, please describe the changes here:</p> <p>_____</p> <p>_____</p>		
<p>14. Have you been proven to have engaged in fraudulent conduct, or been convicted of, or plead guilty or no contest to, a felony or misdemeanor involving dishonesty or fraudulent conduct, or do you have any such charges pending? If yes, please describe all relevant facts below.</p> <p>_____</p> <p>_____</p>		
<p>15. Have you, in the past 10 years, declared bankruptcy, or taken any action, or had any action taken against you, under any insolvency, bankruptcy, or reorganization act? If yes, please describe all relevant facts below.</p> <p>_____</p> <p>_____</p>		
<p>16. Have you brought, been named in, or been directly involved in any past or pending litigation or formal dispute resolution process? If yes, please describe all relevant facts below.</p> <p>_____</p> <p>_____</p>		

QUESTION	YES	NO
17. Is there any information that might appear on a credit or criminal history report that you wish to disclose and/or address, knowing that failure to disclose such information may be considered grounds for denial of a franchise? If yes, please describe all relevant facts below. <hr/> <hr/>		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully, completing and correctly to the above questions. No representations contained herein are intended to or will act as a release, estoppels or waiver of any liability incurred under any applicable franchise law.

All prospective franchisees applying please sign here:

FRANCHISE APPLICANT

FRANCHISE APPLICANT

FRANCHISE APPLICANT

FRANCHISE APPLICANT

DATE: _____



EXHIBIT J

RSP FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES AND RECEIPTS

STATE EFFECTIVE DATES

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

This Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
Indiana	Pending
Michigan	Pending
Minnesota	Pending
North Dakota	Pending
South Dakota	Pending
Wisconsin	Pending

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

RECEIPT

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 RSP Franchise, LLC offers you a franchise, then RSP Franchise, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by applicable state law).

Iowa and New York law requires RSP Franchise, LLC to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days (or 14 calendar days in Iowa) before you sign a franchise or other agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale. Michigan requires that RSP Franchise, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If RSP Franchise, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit A**.

RSP Franchise, LLC authorizes the respective state agencies identified on **Exhibit A** to receive service of process for us in their state.

Issuance Date: March 28, 2022.

The name, principal business address, and telephone number of the franchise seller offering this Red's Savoy franchise is Reed Daniels, RSP Franchise, LLC, 574 Prairie Center Drive, Suite 135-314, Eden Prairie, Minnesota 55344, 612-839-9110; Stefan Silverman, Franchise Jones Consulting LLC, 18519 Pathfinder Dr., Eden Prairie, MN 55347, 612-460-0060; and _____

(blank completed only if applicable).

I received a Disclosure Document dated March 28, 2022. This Disclosure Document offered the following Exhibits:

- A LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
- B STATE-SPECIFIC ADDENDA
- C FRANCHISE AGREEMENT, GUARANTY AND OTHER EXHIBITS
- D DEVELOPMENT AGREEMENT, GUARANTY AND OTHER EXHIBITS
- E TABLE OF CONTENTS OF MANUALS
- F-1 LIST OF FRANCHISEES AND AREA DEVELOPERS
- F-2 LIST OF FRANCHISEES AND AREA DEVELOPERS THAT LEFT THE SYSTEM
- G FINANCIAL STATEMENTS
- H TRANSFER FORMS
- I FRANCHISEE QUESTIONNAIRE
- J STATE EFFECTIVE DATES AND RECEIPTS

Please return one signed copy of this Receipt to the attention of Reed Daniels, Chief Executive Officer and President at RSP Franchise, LLC, 574 Prairie Center Drive, Suite 135-314, Eden Prairie, Minnesota 55344, reed@savoypizza.com.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY. SIGNATURES ARE ON THE NEXT PAGE.]

DISCLOSURE DOCUMENT RECEIVED:

PROSPECTIVE FRANCHISEE:

DATE:

RECEIPT SIGNED:

SIGNED:

DATE:

PRINTED NAME:

COMPANY:

TITLE:

ADDRESS:

RECEIPT

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 RSP Franchise, LLC offers you a franchise, then RSP Franchise, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by applicable state law).

Iowa and New York law requires RSP Franchise, LLC to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days (or 14 calendar days in Iowa) before you sign a franchise or other agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale. Michigan requires that RSP Franchise, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If RSP Franchise, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit A**.

RSP Franchise, LLC authorizes the respective state agencies identified on **Exhibit A** to receive service of process for us in their state.

Issuance Date: March 28, 2022.

The name, principal business address, and telephone number of the franchise seller offering this Red's Savoy franchise is Reed Daniels, RSP Franchise, LLC, 574 Prairie Center Drive, Suite 135-314, Eden Prairie, Minnesota 55344, 612-839-9110; Stefan Silverman, Franchise Jones Consulting LLC, 18519 Pathfinder Dr., Eden Prairie, MN 55347, 612-460-0060; and _____

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- B STATE-SPECIFIC ADDENDA
- C FRANCHISE AGREEMENT, GUARANTY AND OTHER EXHIBITS
- D DEVELOPMENT AGREEMENT, GUARANTY AND OTHER EXHIBITS
- E TABLE OF CONTENTS OF MANUALS
- F-1 LIST OF FRANCHISEES AND AREA DEVELOPERS
- F-2 LIST OF FRANCHISEES AND AREA DEVELOPERS THAT LEFT THE SYSTEM
- G FINANCIAL STATEMENTS
- H TRANSFER FORMS
- I FRANCHISEE QUESTIONNAIRE
- J STATE EFFECTIVE DATES AND RECEIPTS

Please return one signed copy of this Receipt to the attention of Reed Daniels, Chief Executive Officer and President at RSP Franchise, LLC, 574 Prairie Center Drive, Suite 135-314, Eden Prairie, Minnesota 55344, reed@savoypizza.com.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY. SIGNATURES ARE ON THE NEXT PAGE.]

DISCLOSURE DOCUMENT RECEIVED:

PROSPECTIVE FRANCHISEE:

DATE:

RECEIPT SIGNED:

SIGNED:

DATE:

PRINTED NAME:

COMPANY:

TITLE:

ADDRESS:
