

	Provision	Section in LLC Operating Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s.	Modification of the Agreement	Section 11.3	No amendment unless signed by all members (but additional members may be admitted with the consent of more than 75% of the percentage interests).
t.	Integration/Merger clause	Section 11.11	Only terms of LLC Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and LLC agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 11.2	Subject to state law, all disputes must be arbitrated in Los Angeles County California.
v.	Choice of Forum	Section 11.2	Subject to state law, arbitration in Los Angeles County, California.
w.	Choice of law	Section 11.2	Delaware law applies. Subject to applicable state law.

Item 18
PUBLIC FIGURES

HDOS does not use any public figure to promote its franchise. A number of franchises are owned by public figures who promote their individual stores and the HOT DOG ON A STICK brand in general; however, these individuals do not receive compensation from HDOS for this promotion.

Item 19
FINANCIAL PERFORMANCE REPRESENTATION

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

The first set of tables below list selected historical and unaudited financial and operating data for 28 (out of a total of 31) company owned and 13 (out of a total of 16) franchised U.S. Traditional Restaurants that were open from January 1, 2024 to December 31, 2024. The following Restaurants are not included in the data: (1) international locations, including Canada, (2) theme parks, co-branded,

nontraditional, and satellite locations (3) 2 franchised Restaurants that did not report their sales and cost information and (4) 1 franchised and 2 company owned Restaurants that were not open from January 1, 2024 to December 31, 2024.

The second set of tables below list selected historical and unaudited financial and operating data for 28 (out of a total of 31) company owned U.S. Traditional Restaurants (that do not differ from the restaurants being offered) that were open from January 1, 2024 to December 31, 2024. The following Restaurants are not included in the data: (1) international locations, including Canada, (2) theme parks, co-branded, nontraditional, and satellite locations and (3) 2 Restaurants that were not open from January 1, 2024 to December 31, 2024.

The third set of tables below list selected historical and unaudited financial and operating data for 13 (out of a total of 16) franchised U.S. Traditional Restaurants that were open from January 1, 2024 to December 31, 2024. The following Restaurants are not included in the data: (1) international locations, including Canada, (2) theme parks, co-branded, nontraditional, and satellite locations (3) 2 franchised Restaurants that did not report their sales and cost information and (4) 1 franchised Restaurant that was not open from January 1, 2024 to December 31, 2024.

Free Standing restaurants are restaurants that are free standing buildings that are not attached to any other property or space on either side and may or may not contain a drive thru or walk-up window. Free standing restaurants refer to those not located in a mall. In line and end cap restaurants are located in strip malls. End cap locations in strip malls may or may not also contain a drive thru. In line restaurants have other businesses located on either side and end cap restaurants are at the end of a strip mall. In line and end cap restaurants may also be located in open air malls and enclosed malls.

REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK

PART I – ALL RESTAURANTS

Table 1 - Net Sales

Description	Units	Average	#/% >=Avg	Median	Min	Max
Total	41	\$548,999	15/36.59%	\$457,547	\$185,514	\$2,482,769
Free Standing	1	\$778,018	1/100.00%	\$778,018	\$778,018	\$778,018
Other	11	\$566,590	2/18.18%	\$410,838	\$185,514	\$2,482,769
In-Line	1	\$457,547	1/100.00%	\$457,547	\$457,547	\$457,547
End-Cap	28	\$537,176	12/42.86%	\$488,091	\$250,198	\$1,030,380

Table 2 - Range of Net Sales

Range of Net Sales	Units	Min	Max
Under \$249,999	3	\$185,514	\$235,303
\$250,000 to \$399,999	9	\$250,198	\$358,915
\$400,000 to \$549,999	14	\$404,564	\$537,147
\$550,000 to \$699,999	7	\$557,963	\$696,444
\$700,000 to \$849,999	4	\$751,723	\$833,349
Over \$850,000	4	\$850,271	\$2,482,769

Table 3 - Food Cost as a Percentage of Net Sales

(including beverage & paper)

Description	Units	Average	#/% <=Avg	Median	Min	Max
Total	41	20.60%	27/65.85%	19.87%	8.78%	31.07%
Free Standing	1	14.08%	1/100.00%	14.08%	14.08%	14.08%
Other	11	21.17%	5/45.45%	23.67%	8.78%	29.22%
In-Line	1	24.08%	1/100.00%	24.08%	24.08%	24.08%
End-Cap	28	20.48%	20/71.43%	19.75%	16.09%	31.07%

Table 4 - Labor Cost as a Percentage of Net Sales

(including salaries, wages, insurance, workers comp & employee meals)

Description	Units	Average	#/% ≤Avg	Median	Min	Max
Total	41	32.86%	20/48.78%	32.88%	18.72%	56.61%
Free Standing	1	31.79%	1/100.00%	31.79%	31.79%	31.79%
Other	11	30.17%	6/54.55%	28.77%	18.72%	45.16%
In-Line	1	24.09%	1/100.00%	24.09%	24.09%	24.09%
End-Cap	28	34.27%	16/57.14%	33.24%	24.10%	56.61%

REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK

PART II – COMPANY OWNED RESTAURANTS

Table 1 - Net Sales

Description	Units	Average	#/% ≥Avg	Median	Min	Max
Total	28	\$556,027	13/46.43%	\$512,513	\$275,323	\$1,030,380
Free Standing	1	\$778,018	1/100.00%	\$778,018	\$778,018	\$778,018
Other	0	\$0	0/0.00%	\$0	\$0	\$0
In-Line	0	\$0	0/0.00%	\$0	\$0	\$0
End-Cap	27	\$547,805	12/44.44%	\$502,212	\$275,323	\$1,030,380

Table 2 - Range of Net Sales

Range of Net Sales	Units	Min	Max
Under \$249,999	-	\$0	\$0
\$250,000 to \$399,999	6	\$275,323	\$358,915
\$400,000 to \$549,999	9	\$404,564	\$522,813
\$550,000 to \$699,999	6	\$557,963	\$685,749
\$700,000 to \$849,999	4	\$751,723	\$833,349
Over \$850,000	3	\$850,271	\$1,030,380

Table 3 - Food Cost as a Percentage of Net Sales

(including beverage & paper)

Description	Units	Average	#/% ≤Avg	Median	Min	Max
Total	28	19.98%	16/57.14%	19.62%	14.08%	31.07%
Free Standing	1	14.08%	1/100.00%	14.08%	14.08%	14.08%
Other	0	-	0/0.00%	-	-	-
In-Line	0	-	0/0.00%	-	-	-
End-Cap	27	20.20%	17/62.96%	19.63%	16.09%	31.07%

Table 4 - Labor Cost as a Percentage of Net Sales

(including salaries, wages, insurance, workers comp & employee meals)

Description	Units	Average	#/% ≤Avg	Median	Min	Max
Total	28	34.37%	17/60.71%	33.24%	24.10%	56.61%
Free Standing	1	31.79%	1/100.00%	31.79%	31.79%	31.79%
Other	0	-	0/0.00%	-	-	-
In-Line	0	-	0/0.00%	-	-	-
End-Cap	27	34.47%	16/59.26%	33.41%	24.10%	56.61%

REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK

PART III - FRANCHISED RESTAURANTS

Table 1 - Net Sales

Description	Units	Average	#/% >=Avg	Median	Min	Max
Total	13	\$533,864	3/23.08%	\$410,838	\$185,514	\$2,482,769
Free Standing	0	\$0	0/0.00%	\$0	\$0	\$0
Other	11	\$566,590	2/18.18%	\$410,838	\$185,514	\$2,482,769
In-Line	1	\$457,547	1/100.00%	\$457,547	\$457,547	\$457,547
End-Cap	1	\$250,198	1/100.00%	\$250,198	\$250,198	\$250,198

Table 2 - Range of Net Sales

Range of Net Sales	Units	Min	Max
Under \$249,999	3	\$185,514	\$235,303
\$250,000 to \$399,999	3	\$250,198	\$292,443
\$400,000 to \$549,999	5	\$410,838	\$537,147
\$550,000 to \$699,999	1	\$696,444	\$696,444
\$700,000 to \$849,999	-	\$0	\$0
Over \$850,000	1	\$2,482,769	\$2,482,769

Table 3 - Food Cost as a Percentage of Net Sales
(including beverage & paper)

Description	Units	Average	#/% <=Avg	Median	Min	Max
Total	13	21.93%	5/38.46%	24.08%	8.78%	29.22%
Free Standing	0	-	0/0.00%	-	-	-
Other	11	21.17%	5/45.45%	23.67%	8.78%	29.22%
In-Line	1	24.08%	1/100.00%	24.08%	24.08%	24.08%
End-Cap	1	28.13%	1/100.00%	28.13%	28.13%	28.13%

Table 4 - Labor Cost as a Percentage of Net Sales

(including salaries, wages, insurance, workers comp & employee meals)

Description	Units	Average	#/% ≤Avg	Median	Min	Max
Total	13	29.62%	8/61.54%	28.77%	18.72%	45.16%
Free Standing	0	-	0/0.00%	-	-	-
Other	11	30.17%	6/54.55%	28.77%	18.72%	45.16%
In-Line	1	24.09%	1/100.00%	24.09%	24.09%	24.09%
End-Cap	1	29.04%	1/100.00%	29.04%	29.04%	29.04%

“Net Sales” means and includes all revenue and receipts (regardless of collection in the case of debit or credit), which shall be deemed to include (and be increased to include) the total selling price from the sale of all food, beverages, merchandise, and services sold or rendered from or at your Restaurant, and all carryout, delivery and service fees in connection with the operation of your Restaurant or any support facility associated with its operations, including any and all revenue generated from the sale of menu items at your Restaurant itself and/or via the provision of any permitted catering services or permitted “Off-Site Events” that your Restaurant conducts or provides (including additional carryout, delivery and service charges). Net Sales includes all revenue and receipts (regardless of collection in the case or debit or credit) from the sale of all food, beverages, merchandise, and services sold or rendered from or at your Restaurant whether for by cash, services, property, barter, or other means of exchange, and whether or not we permit such services or products in other locations, including: (a) sales and services where orders originate or are accepted by you in your Restaurant but delivery or performance is made from or at any place other than your Restaurant or which are pursuant to telephone, electronic communication, electronic commerce, or other similar orders received or filled at or in your Restaurant, (b) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible and (c) sales from authorized vending devices including in store music systems and pay telephones. The term “Net Sales” does not include: (i) the amount of any valid and active coupons or similar discounts that a customer redeems in connection with a given sale (except as may be reimbursed by us); (ii) sales taxes levied upon retail sales if you must subsequently pay such taxes to the appropriate governmental authorities; (iii) good faith customer refunds as determined in accordance with the requirements of the Manual; and (iv) occasional sales of fixtures or other capital items sold by you after use in the operation of your Restaurant. Revenue from the sale of gift cards is not recognized as “Net Sales” until redeemed at your Restaurant, but “Net Sales” does not include the amount of bona fide refunds paid to customers, the amount of any state or local sales or use tax actually paid by you and sales of fixtures or other capital items sold by you after use of them in the operation of your Restaurant. No other deductions apply, for example the fees paid to authorized vendors who deliver food and beverages to your customers who place orders from inside or outside (if permitted) your Protected Territory, as defined in your Franchise Agreement, (“3rd Party Delivery Services”) by telephone, or online via authorized web sites or mobile applications, or other authorized electronic means, whether delivery is effected by you directly, or by a third party, including to customers’ homes, offices and other locations are not deductible from Net Sales for purposes of calculating your Royalty and National Advertising Fund payments.

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

The information presented is based on unaudited internal financial statements prepared by franchisees and by us for corporate restaurants using a cash basis of accounting. With respect to information presented for franchised restaurants, we are relying upon information included in royalty reports and other unaudited financial reports provided to us by our franchisees. We have not audited this information.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Warren Christiansen at 9720 Wilshire Boulevard Suite 500 Beverly Hills, California 90212, (310) 319-1850, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System Wide Outlet Summary
For Fiscal Years 2022 to 2024

Store Type	Year	Stores at the Start of the Year	Stores at the End of the Year	Net Change
Franchised	2022	17	18	+1
	2023	18	18	0
	2024	18	16	-2
Company-Owned	2022	33	32	-1
	2023	32	31	-1
	2024	31	30	-1
Total Stores	2022	50	50	0
	2023	50	49	-1
	2024	49	46	-3