



## FRANCHISE DISCLOSURE DOCUMENT

Pro Image Franchise, L.C.

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Pro Image Franchise, L.C.  
a Utah Limited Liability Company  
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Centerville, Utah 84014  
(801) 296-9999  
[franchise@proimagesports.com](mailto:franchise@proimagesports.com)  
[www.proimagesports.com](http://www.proimagesports.com)

As a franchisee, you will operate a retail store featuring sports-related licensed products and sportswear with professional and collegiate sport emphasis.

The total investment necessary to begin operation of a Pro Image® Sports franchise is \$109,750 to \$605,500. This includes the \$30,100 to \$32,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Pro Image Franchise, L.C. at 1310 West 233 North Suite 200, Centerville, Utah 84014 and 801-296-9999 and [franchise@proimagesports.com](mailto:franchise@proimagesports.com).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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: April 10, 2025



## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit “C.”
<b>How much will I need to invest?</b>	Items 5 and 6 list fees that you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit “B” includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Pro Image® Sports business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Pro Image® Sports franchisee?</b>	Item 20 or Exhibit “C” lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 “F.”

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Inventory Control.** You must make inventory and supply purchases of at least \$60,000 each year, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

**STATE REGULATIONS  
FOR THE STATE OF MICHIGAN**

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents under a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment notation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure failure after being given written notice thereof and a reasonable opportunity, which in no event need to be more than 30 days, to cure failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (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 after 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.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor 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 franchisor 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).

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

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

Any questions regarding this notice may be directed to the following address:

Michigan Attorney General's Office  
Consumer Protection Division  
525 W. Ottawa Street  
Lansing, MI 48909  
Telephone: (517) 373-7117

## TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	9
2 BUSINESS EXPERIENCE .....	10
3 LITIGATION .....	10
4 BANKRUPTCY .....	10
5 INITIAL FEES .....	11
6 OTHER FEES .....	11
7 ESTIMATED INITIAL INVESTMENT .....	16
8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	18
9 FRANCHISEE'S OBLIGATIONS .....	20
10 FINANCING .....	21
11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	21
12 TERRITORY .....	29
13 TRADEMARKS .....	30
14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	31
15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	33
16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	34
17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	34
18 PUBLIC FIGURES .....	37
19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	37
20 OUTLETS AND FRANCHISEE INFORMATION .....	40
21 FINANCIAL STATEMENTS .....	45
22 CONTRACTS .....	46
23 RECEIPTS .....	46

### Addenda of State Regulations

### EXHIBITS

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

### RECEIPTS



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

**The Franchisor**

The name of the franchisor is Pro Image Franchise, L.C. In this disclosure document, Pro Image Franchise, L.C. is referred to as “we” or “us” or “our” and at times “Pro Image Sports”; “franchisee,” “you” or “yours” means the person or persons, individually and collectively, who buys the franchise from us and includes the current and future owners of a franchisee that is a corporation, partnership or other entity.

Our limited liability company was organized in December 1996 in the State of Utah under the name Pro Image Franchise, L.C. (formerly PI Acquisition, L.C.). Our principal place of business is 1310 West 233 North Suite 200, Centerville, Utah 84014.

Our agents for service of process in various states are disclosed in Exhibit “E.”

**Franchisor Business Activities**

We do not do business under any names other than Pro Image Franchise, L.C. and have no business activities other than operating the Pro Image® Sports franchise system. We do not operate a business of the type offered to you in this disclosure document. We previously offered franchises under the name “Capz.” This system was similar to the Pro Image® Sports franchise except it was exclusively focused on the sale of sports related hats. Other than Capz, we have not offered for sale or sold franchises in any other line of business. In addition, we did not begin offering and selling franchises in this business until 1985.

**Parents, Affiliate and/or Predecessor Business Activities Involving Pro Image® Sports**

We have no affiliates, parents or predecessors required to be disclosed in this item.

**Franchise Offered**

We license and train others to operate Pro Image® Sports businesses. As a Pro Image® Sports business, you will operate a retail store featuring sports-related licensed products and sportswear with professional and collegiate sport emphasis. The grant of a franchise authorizes you to engage in our complete system under the name Pro Image® Sports and other proprietary marks. Under the Pro Image® Sports system you are only allowed to sell professional or college sports items from vendors duly licensed by the related sports entity.

You are required to purchase and carry specific materials, supplies and equipment and to strictly follow our standards, methods, policies and procedures in the operation of your franchise business that are described in more detail in our franchise agreement, attached as Exhibit “A” to this disclosure document.

**General Description of Market and Competition**

The general market for retail sales of sports products and sportswear is well-developed and competitive. You will typically compete with other established sport fan gift stores, department stores, and recreational businesses. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from our online sales, and other franchises operated by us or other franchisees outside your territory. This business may be operated year-round but may have increased sales in certain months depending on the type and number of professional or college teams located in your area.

Uniformity of franchise agreements among our franchisees may not always be possible or practical. We and our predecessors have offered in the past and we may offer in the future, franchise agreements to other franchisees on terms materially different from those included in this disclosure document. We also

may materially vary the franchise agreement, terms, conditions, and obligations (including those relating to fees, territories, training and other items) offered to other franchisees and except as may be required by applicable law we have no obligation to disclose these variations to you or to grant the same or similar variation to you.

#### Laws and Regulations

You are required to follow all laws and regulations that apply to businesses generally. There are no specific laws or regulations that govern this industry. You must investigate local zoning rules because they may limit where you can locate your franchise business and may affect the design features including the building façade and signs. In many jurisdictions, you will also be required to obtain a sign permit. You should also be aware of federal, state and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require you register and make ongoing fee payments. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

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

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

### **ITEM 2** **BUSINESS EXPERIENCE**

NAME	Company Name and Location	POSITION	FROM
Bill Townsend	Pro Image Franchise, L.C., Centerville, Utah	President	January 1998 - Present
Jake Riley	Pro Image Franchise, L.C., Centerville, Utah	CEO	May 2005 – Present
Lisa Briggs	Pro Image Franchise, L.C., Centerville, Utah	CFO/COO	July 2007 – Present
Burr Calapp	Pro Image Franchise, L.C., Centerville, Utah	Director of Leasing	January 2014 - Present

### **ITEM 3** **LITIGATION**

There is no litigation required to be disclosed in this Item.

### **ITEM 4** **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5**

### **INITIAL FEES**

#### **Initial Franchise Fee**

On the signing of the franchise agreement, all franchisees pay an initial franchise fee of \$30,000 to us. This is due in a lump sum at the time of signing the franchise agreement. You may not finance more than 70% of the costs to begin operations of your franchise business, and we strongly recommend that you do not finance more than 50% of the business.

#### **Additional Franchise Purchases**

During the term of your franchise agreement, you may purchase additional franchises for the reduced franchise fee of \$15,000, and you must sign the then-current franchise agreement. The option will only be available to you if there are franchise territories available, you meet your then-current criteria for new franchisees, you are current and not in default of your franchise agreement. Approval is at our discretion based on your financials, operational history, and full compliance with your current franchise.

#### **Required Pre-Opening Purchases**

You must purchase uniforms, gift cards, and retail bags from us at a cost of between \$1,000 and \$2,000. These payments to us or our affiliate are payable in a lump sum at the time of ordering.

#### **Opening Assistance**

We will provide one of our representatives to provide you with one day of training prior to your franchise business opening at no additional charge. However, if you postpone or reschedule your opening, or if you fail to provide a valid certificate of occupancy before the scheduled opening training, you must reimburse us for any of our costs to reschedule.

#### **Uniformity and Refunds**

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

## **ITEM 6**

### **OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee <sup>1</sup>	5% of gross sales	Payable monthly, to be received by the 10th day of the following month	Gross sales include all revenue from the franchise business but do not include sales tax or sales of gift cards or similar products (but the redemption of any such card or product will be included in gross sales). We require royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program as developed.
Late Charges <sup>1,4</sup>	\$25 per day, for each late fee or report up to \$500 per instance	Payable with royalty or on demand	Charges and interest begin to accrue after the due date of any royalty, fee, report or other required payment.

Type of Fee	Amount	Due Date	Remarks
Interest on Late Fees and Reports <sup>1</sup>	18% interest or maximum rate permitted by state law, whichever is less	Payable with royalty or on demand	Interest begins to accrue on the total amount (fee plus any late charge) after the due date of any required payment or report. Charges and interest begin to accrue after the due date of any royalty, fee, report or other required payment.
NSF Fees <sup>1,4</sup>	\$50 per bounced check or bounced/insufficient draft	Payable with royalty or on demand	If this fee is higher than what is allowed under state law, the fee will be reduced to the maximum allowed by state law (see state specific addendum).
Sales or Use Tax Reimbursement Fee <sup>1</sup>	Sum equal to tax imposed	Upon demand	If sales, use, or value added tax is assessed on fees you pay to us, you must also pay us the applicable tax when invoiced. If there is hereafter assessed any nature of sales tax or use tax or other tax on fees or other sums previously or hereafter received by us under the franchise agreement, then in addition to all fees and other payments to be made by you to us, you must also pay us or the taxing authority a sum equal to the amount of such tax. Any tax paid to us will be paid when due to the taxing authority.
Audit Charge <sup>1</sup>	Cost of the audit	On billing	Payable only if audit reveals an understatement of 2% or more of gross sales for any month or records are unorganized or unavailable.
System Non-Compliance Fines and Charges <sup>1,4</sup>	\$1,000 per violation	As incurred	We may issue you a fine for certain violations of the franchise agreement and/or manuals. If you do not correct the violation within the time required by us, we have the right to put you in default. All fines are to be paid in accordance with our electronic funds transfer or automatic withdraw program.
New Operating Principal or Management Training <sup>1,4</sup>	Our then-current fee for refresher or replacement operating principal or manager training; currently, \$0 per person	When you register	Any new operating principal or manager must complete our initial training program within 60 days of assuming the position. You will be required to pay for travel, food, lodging, and other expenses for you and any attendees as applicable. We reserve the right to charge a fee for this training in the future.

Type of Fee	Amount	Due Date	Remarks
Additional Manager Training <sup>1,4</sup>	Same as new manager training	In advance of training or assistance	At our discretion, we may require you and your manager to meet with our representatives at a location specified by us to discuss and review your operations and performance. You will be required to pay for travel, food, lodging, and other expenses for you and any attendees as applicable. We reserve the right to charge a fee for such assistance in the future.
Additional In-Person Training <sup>1,4</sup>	Our then-current fee for additional training; currently, we do not charge a fee	Upon billing	Depending on advanced notice and our availability, we may provide additional in-person consulting training as reasonably requested. We can also require your key personnel to attend additional trainings if you are in default or we believe it would be in your best interest. We reserve the right to charge a fee for such assistance in the future and reserve the right to charge for travel, food, lodging and other expenses for our representative.
Rescheduling Fee <sup>1</sup>	Our costs	As incurred, prior to training	Payable if you postpone or reschedule opening assistance, or if you fail to complete requirements prior.
Insurance Reimbursement Fee <sup>1</sup>	Reimbursement of premium amount, plus 10% of the premium cost.	Upon demand	You are required to hold and maintain your own insurance, but if you fail to do so, we have the right to obtain insurance on your behalf.
PCI and DSS Audit Reimbursement Fee <sup>1</sup>	Costs of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.
Customer Complaint Resolution Fee <sup>1,4</sup>	\$50 per incident, plus our costs	When we receive a customer complaint	If you do not resolve a customer complaint, and we are required to assist them, you must reimburse us for any of our costs to respond to and compensate complaints from your customers.
Technology Fee <sup>1,4</sup>	Currently, \$0		This fee is for use of a designated technology suite that may be required in the future and will be updated periodically in our manuals to account for increased costs and new technologies, if applicable.
Replacement Costs <sup>1,4</sup>	Our costs, plus \$50 per hour for our time	Upon demand	If you fail to replace equipment, furniture, tools, etc., that is outdated, damaged, obsolete, etc., and we determine to replace those items for you.

Type of Fee	Amount	Due Date	Remarks
Interim Management Fee <sup>1,4</sup>	\$250 per day, per representative	Time of service	Payable if we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death or after you have been given a notice of default and failed to cure. You must also pay the food, travel, and lodging for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees, and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed between us.
Order Management Fee <sup>1,4</sup>	10% of the online sales price	At the time of online processing	This fee is charged for online sales you make through our e-commerce site and includes merchant processing fees. You will be required to pay royalties for all online sales.
Additional Copies of Marketing Materials <sup>1</sup>	Our reasonable costs, plus 10%, and the costs for shipping and handling	Time of delivery	We may develop and provide you samples of marketing and promotional materials.
Fees on Default <sup>1,4</sup>	Our costs associated with your default	On demand, as incurred	Paid in addition to other payments to us. Payable if you want to have unapproved suppliers evaluated for our approval.
Post-Termination Fees <sup>1</sup>	Actual costs	As incurred	You will be responsible for paying us any post-termination expenses, including without limitation, attorney's fees and costs to enforce your post-term obligations.
Prepaid Services Reimbursement Fee <sup>1</sup>	Amount, plus 15% of the total amount owed	Upon demand	Due upon termination of your franchise. Outstanding gift cards and pre-paid services must also be taken into account if you transfer your franchise.
Liquidated Damages for Non-Compete Violations <sup>1,3</sup>	Varies	As incurred or on demand	This fee is applied if you violate the non-compete covenants in the franchise agreement or any related agreements or if you use our system without our express written permission or approval. See Note 3 below.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee <sup>1</sup>	\$5,000	Before occurrence of transfer	Payable when you sell your franchise, substantially all of your assets, or a controlling interest in your franchise and prior to our signing any approval or new agreement. Transferees owning at least 5% of the franchise must personally guarantee the franchise agreements for us to approve the transfer. The transferee must pay for and complete the training program required of new franchisees. The cost of such training will be at our standard rate for training new managers, plus the cost of travel, food and lodging for the trainers. Subject to state law.
Minority Interest Transfer Fee <sup>1</sup>	Our legal fees and administrative costs related to the transfer	On demand	This fee applies to transfers of up to 40% of your franchisee entity -cumulative during the term of the franchise agreement. Transferees owning at least 5% of the franchise must personally guarantee the franchise agreement for us to approve the transfer. Subject to state law.
Transfer Training Fee <sup>1,5</sup>	Our then-current fee for training new managers	In advance of training or assistance	The transferee must pay for and complete the training program. You and the transferee must coordinate the timing of training so there is no gap in properly trained management.
Indemnification <sup>1,2</sup>	Our damages and costs	As incurred or on demand	See Note 2 below.
Dispute Resolution Fees <sup>1</sup>	Our legal fees and costs if we prevail	As incurred or on demand	You are required to pay half of the mediation and/or arbitration fee. Additionally, the prevailing party will be entitled to its legal fees and expenses.

## NOTES

<sup>1</sup> **Royalty and Other Fees.** Except as shown in the remarks column, all fees are uniformly imposed and payable to us. All fees payable to us or an affiliate are non-refundable. All fees are uniformly imposed. The only exception to this is that some of our initial franchisees pay a lower royalty than you will pay. However, all new franchisees pay the same royalty amount as set forth above.

<sup>2</sup> **Indemnification.** You must to indemnify us from damages and costs related to your acts, errors or omissions in the operation of your franchise business or your franchise business generally, and including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees, and other laws regarding public accommodations for persons with disabilities. You are not required to indemnify us for liability caused by our willful misconduct, gross negligence, strict liability, or fraud.



<sup>3</sup> **Liquidated Damages for Non-Competition Violations.** Subject to applicable state law, if you continue to operate your franchise business, or any business offering similar products and services, or use any of our trademarks or any aspect of the system after termination for any reason, our remedies include, recovery of the greater of (a) all profits earned by you in the operation of your business or similar business after such termination; or (b) all royalties, and other amounts which would have been due if such termination had not occurred.

<sup>4</sup> **Fee Increases.** If a fee is subject to increase by us (rather than a third party), the increase will not be more than the equivalent of 5% per year (cumulative) during the term of your franchise agreement and if there is currently no fee, the fee imposed will not increase later by more than the equivalent of 5% per year. This only applies to fees that are subject to change by us. If we do not designate that a fee is subject to change, the fee will remain the same during the term of the franchise agreement. Costs charged by third parties are subject to change at any time and do not have an annual cap.

## **ITEM 7**

### **ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial franchise fee <sup>1</sup>	\$30,000	Lump sum	Upon signing the franchise agreement	Us
Travel, lodging, and living expenses while training <sup>2</sup>	\$1,000 to \$3,000 for two people	As incurred	Upon signing the franchise agreement	Airlines, hotels and restaurants
Merchandise inventory <sup>3</sup>	\$60,000 to \$300,000	Lump sum and/or as incurred	Before opening	Suppliers
Uniforms, retail bags and hat trays <sup>4</sup>	\$1,000 to \$3,500	Lump sum and/or as incurred	Before opening	Us or suppliers
Equipment, POS, and computer system <sup>5</sup>	\$2,750 to \$25,000	Lump sum	Before opening	Suppliers
Building and leasehold improvements <sup>6</sup>	\$5,000 to \$150,000	As negotiated	Before opening	Suppliers
Rent <sup>7</sup>	\$1,000 to \$40,000 per month	As negotiated	As negotiated	Landlord or leaseholder
Signs <sup>8</sup>	\$500 to \$10,000	As negotiated	Before opening	Suppliers
Misc. opening costs <sup>9</sup>	\$3,500 to \$17,500	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Advertising – 3 months <sup>10</sup>	\$0 to \$1,500	As incurred	As negotiated	Suppliers
Additional funds- 3 months <sup>11</sup>	\$5,000 to \$25,000	As incurred	As incurred	Suppliers, employees, etc.
Total <sup>12</sup>	\$109,750 to \$605,500			



## NOTES

<sup>1</sup> Initial Franchise Fee. The initial franchise fee is non-refundable, and we do not finance any portion of the fee.

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

<sup>3</sup> Merchandise Inventory. This estimate includes product inventory and other items required to operate your franchise business. The costs will vary depending upon the size of your store and estimated initial sales volume. You are required to maintain at least \$60,000 of minimum inventory.

<sup>4</sup> Uniforms and Retail Bags. This estimate is for products purchased from us at a cost. The costs will vary depending upon the size of your store and estimated initial sales volume. These fees are non-refundable. You will be responsible for the sales and use tax on items purchased from us.

<sup>5</sup> Equipment, POS, and Computer System. This estimate includes the cost of all furniture and equipment required to open and operate your Pro Image® Sports franchise business. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us, we require immediate payment. We reserve the right to have independent access to any information or reports generated by you on this computer system. We require you maintain this information for us. For more information about your POS system, computer, hardware, and software requirements, see Item 11.

<sup>6</sup> Building and Leasehold Improvements. These costs estimate the improvements to your space, but do not include any tenant improvement or leasehold improvement allowance you may receive. Costs of commercial property or leases and improvements vary widely based on location, terms of the lease, the total area of your space as well as construction and material costs. You should review these costs with a local contractor, commercial real estate agent and other professionals. You are required to follow our décor specifications and we provide standard design plans and specifications for construction and improvements which must be followed.

<sup>7</sup> Rent. You must purchase or lease a suitable location for your Pro Image® Sports store. We must approve your location. Your space will vary depending on your needs, but we estimate you will need between 600 and 3,500 square feet in a shopping mall or similar retail area. You must sign a lease approved by us. The estimate provided is for one month of base rent only and does not include any security deposits or other fees that may be included as part of your lease agreement. In addition, as most franchisees are in mall locations, purchase of retail space is not often an option without the purchase of the entire mall space. For this reason, we do not have estimates to purchase retail space.

<sup>8</sup> Signs. At least one interior sign on the exterior of your franchise business location displaying the trademark is required. Signs must be made by our approved supplier and must conform to our specifications. If an outdoor sign is required by the landlord for your location, this amount may increase. All purchase agreements or lease must be negotiated with your suppliers.

<sup>9</sup> Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. Rates for professionals can vary significantly based on locale, area of expertise and experience.

<sup>10</sup> Advertising. This estimates the cost of advertising for the first three months of operations. You are not required to advertise. However, if you institute a marketing program or create any marketing materials, we must approve it in writing.

<sup>11</sup> Additional Funds. This estimates your operating expenses during your first three months of operations, not including cash flows. At all times during the term of our franchise agreement, you must have adequate working capital sufficient to keep our business in operation for at least three months, not including cash flows. Employee compensation is between you and your employees and may vary. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We relied on the experience of our principals in running the Pro Image® Sports franchise business since 1985, and the experience of our franchisees in opening and operating Pro Image® Sports franchise units to compile these estimates.

<sup>12</sup> Total. These figures are estimates for the development of one franchise unit, and we cannot guarantee that you will not have additional expenses starting your franchise business. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we normally require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### Approved Suppliers, Proprietary Products and Required Purchases

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

You must purchase or lease the following products and services from us, other sources designated or approved by us, or according to our specifications as set forth in the manuals:

Item or Service	Is the franchisor or an affiliate an approved supplier of this Item	Is the franchisor or an affiliate the only approved supplier of this Item?
POS system	No	No
Licensed apparel	No	No
Retail bags and uniforms	Yes	Yes
Gift cards	Yes	Yes

#### Insurance

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

Type of Insurance	Minimum Required Amount(s)
Commercial general liability insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate, or leasehold minimum, whichever is greater
Property insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage

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

If you fail to obtain or maintain insurance, we may obtain insurance for you at our discretion, and you will pay us the premium costs, plus 10%. We may periodically modify or adjust the amounts of coverage required and/or require different or additional coverage. We do not derive revenue from your purchase of insurance. We recommend you consult with your insurance agent prior to signing the franchise agreement. We have the right to require that you obtain from your insurance company, and subsequently provide to us for our review, a report of claims made and reserves set against your insurance (commonly known as "loss runs").

If your premises are damaged and covered by insurance, you must use the proceeds to restore the facility to its original condition within 160 days from receiving the proceeds, unless we consent otherwise in writing.

#### Approved Suppliers

We may enter into contracts with suppliers for items or services purchased by our franchisees. Pursuant to these contracts, you must purchase items or services from approved suppliers. Currently, the only approved suppliers are those officially licensed for one or more sports leagues. At our discretion we may revoke our approval from an approved supplier.

At this time, we do not have designated suppliers and do not provide a list of approved suppliers or specifications. You are required to verify that any supplier is officially licensed before you purchase any product or inventory from that supplier. Almost all of your entire inventory will be sports-related licensed products. You must buy all your products from authorized licensees of the respective sports leagues or teams in accordance with our specifications. You are not permitted to sell counterfeit or unauthorized products. We reserve the right to require that all items bearing our trademark be purchased from us or other sources designated or approved by us.

#### Ownership in Approved Suppliers

None of our officers or owners has a direct ownership interest in any of our third-party suppliers.

#### Proportion of Required Purchases and Leases

We estimate that the proportion of required purchases or leases will represent approximately 100% of your overall purchases in opening your franchise business and 100% of your overall purchases in operating your franchise business.

#### Revenue to Us and Our Affiliates from Required Purchases

We are an approved supplier of uniforms, retail bags, and hat trays, but we are not the only approved supplier of these items. We may derive income through mark-ups in prices we charge to you for goods and services sold or provided by us. We do not currently receive a fee, payment or other compensation from other suppliers of goods and services, but we reserve the right to do so in the future. In the last fiscal year

ending on December 31, 2024, we did not receive profits from the sale of products and services to franchisees.

#### Non-Approved Suppliers

Because we do not currently approve specific suppliers, you do not need our permission to use any supplier, as long as you have verified they are an officially licensed supplier.

#### Standards and Specifications

We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our manuals and/or issuing new written directives (which may be communicated to you by any method we choose).

#### Negotiated Arrangements

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

#### Benefits Provided to You for Purchases

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers (e.g., grant renewals or additional franchises to franchisees based on purchases).

### **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 obligation in these agreements and in other items of this disclosure document.**

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Sections 4.1 and 4.2	Item 11
b.	Pre-opening purchases/leases	Section 4.4 and paragraphs 6.1.3, 6.1.10, and 6.1.12	Item 8
c.	Site development and other pre-opening requirements	Section 4.3	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and section 7.3	Item 11
e.	Opening	Section 4.4 and paragraphs 6.1.4(iv) and 7.3.1	Item 11
f.	Fees	Article V	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Section 6.2 and article IX	Items 8 and 11
h.	Trademarks and proprietary information	Article III	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII	Items 8 and 16
j.	Warranty and customer service requirements	Paragraphs 6.1.2 and 6.2.2(v) and section 8.5	Item 11
k.	Territorial development and sales quotas	Not Applicable	Item 12

	Obligation	Section in Agreement	Disclosure Document Item
l.	Ongoing product/service purchases	Article VIII	Item 8
m.	Maintenance, appearance and remodeling requirements	Paragraphs 6.1.2 and 6.1.8	Item 11
n.	Insurance	Paragraph 6.1.10	Item 8
o.	Advertising	Article X	Items 6, 7 and 11
p.	Indemnification	Section 15.2	Item 6
q.	Owner's participation/management/staffing	Paragraphs 6.1.6, 6.1.9, and 6.2.3	Items 11 and 15
r.	Records and reports	Section 5.5	Item 6
s.	Inspections and audits	Paragraphs 5.5.1, 5.5.2 and 6.2.2(iv)	Items 6 and 11
t.	Transfer	Article XIV	Item 17
u.	Renewal	Section 2.2	Item 17
v.	Post-termination obligations	Section 12.1	Item 17
w.	Non-competition covenants	Article XVI	Items 14, 15 and 17
x.	Dispute resolution	Article XVII	Item 17
y.	Compliance with government regulations	Sections 4.1 and 4.3 and paragraph 6.1.1, 6.1.10, 12.1.11, and 16.1	Item 12
z.	Guarantee of franchisee obligations	Paragraph 6.3.1	Item 15

## **ITEM 10** **FINANCING**

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

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

**Except as listed below, Pro Image Franchise, L.C. is not required to provide you with any assistance.**

### Pre-opening Assistance

Before you open your franchise business, we will:

1) Provide an area which you may look for a site for your franchised Pro Image® Sports Store. This is not the protected territory you will be given for your Pro Image® Sports store but is only an area to define where you may seek a location. Once a site is approved, we will designate your territory [franchise agreement section 1.1].

2) Approve your site. We may assist you in locating a site, but you must make the final decision regarding the location. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. We must approve of your site before you execute a lease or begin construction. Our approval is based upon the following general criteria: location and size of the

mall or center, the mall's sales per square foot, the size of the proposed site, traffic counts, athletic shoe sales within the mall, proximity to a mall's anchor store, location of the site within the mall, location and nature of competitors, and terms of the proposed lease. We will provide you with general guidance regarding our standards for selecting a site, but we do not prepare demographic studies or otherwise determine a need for our services or products within your territory. Site approval or disapproval should be completed by us and notice provided to you in writing within 4 weeks or less after you have submitted a prospective site for our review. We do not own properties that we lease to you, and we do not assist you in negotiating the purchase or lease of your site. If you and we disagree about the proposed location, you must locate another acceptable site for your franchise business and repeat the process [franchise agreement paragraph 4.1. and section 4.2]. Until you receive our written approval, you have no rights to any particular location.

3) Make available general written specifications for necessary equipment, signs, fixtures, opening inventory, supplies, and other items listed in Item 8. For purchase, delivery, and installation, you are required to work directly with the manufacturer or supplier of these items. We do not assist in the delivery or installation of any of these items [franchise agreement sections 7.1 and 8.5].

4) We do not have a list of approved suppliers. The only approved suppliers are those officially licensed for one or more sports leagues [franchise agreement section 8.1].

5) We may, in our sole discretion, assist in facilitating in the construction, remodeling, or decorating of your franchise business but the responsibility to pay for and complete it is yours alone [franchise agreement paragraph 4.3.1].

6) Provide electronic access to our confidential manuals containing mandatory policies, operating procedures and other information. The manuals are confidential, will remain our property, and may be used by you only in association with your Pro Image® Sports franchise business and only during the term of the franchise agreement. You must have access to your copy of the operations manual at all times. You must keep the contents of all manuals confidential. The master copy of the manuals maintained by us will control in the event of a dispute relative to the contents of the manuals. You may not copy any part of the manuals either physically or electronically. The table of contents for the operations manual is included as Exhibit "D" to this disclosure document. The operations manual is approximately 36 pages [franchise agreement article IX].

7) Provide you with an initial training program for your operating principal and your managers that is described at the end of this Item 11 [franchise agreement paragraph 6.1.4].

Before you open your franchise business, we may:

8) Provide you electronic access to preliminary design plans for your franchise business. You must adapt your franchise business to our general specifications at your own expense, in accordance with local, state and federal laws, rules and ordinances. You are responsible for obtaining any required licenses and permits [franchise agreement paragraphs 4.3.1 and 6.1.2 and section 7.1].

Lease, Construction and Commencing Operations

You will have 90 days from the date of the franchise agreement to have a site approved for your franchise business. You will have 12 months from the date of the franchise agreement to have a signed lease agreement in place. We must approve of your lease, and you are required to include our standard lease rider which is attached to the franchise agreement as part of your lease. You are not allowed to engage in discussions with landlords and agents to lease space for a Pro Image® Sports franchise until you have signed a franchise agreement with us [franchise agreement sections 4.1 and 4.2].



Construction must be completed within 6 months from the date your lease agreement is signed. You are required to begin operations within 30 days after construction is complete or within 19 months of signing the franchise agreement. You must give at least 30 days written notice before opening your franchise business [franchise agreement sections 4.3 and 4.4].

#### Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is generally 6 to 19 months. Factors affecting this length of time usually include obtaining a satisfactory site, the time of year of purchase, financing arrangements, construction, local ordinance compliance, training and delivery and installation of furniture, fixtures, equipment, signs, supplies, and opening inventory items.

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

#### Assistance During Operation

During the operation of your franchise business, we may:

1) Hold conferences to discuss improvements, new developments, mutual concerns and business issues. If held, attendance is mandatory for your operating principal, but this policy may change at some time in the future. At present, there is no conference fee, but you must pay all your travel, lodging, food and other expenses. These conferences may be held in conjunction with a trade show at various locations chosen by us. We may also conduct additional seminars, which may be through online webinars, videos, live video conferencing or other electronic media, phone conference or in person. We may charge a seminar fee, and you will be required to pay all your travel, lodging, food and other expenses. These seminars may be held at our headquarters or as available at regional facilities [franchise agreement paragraph 6.1.13].

2) Provide you with updates to the manuals, which updates may be in the form of emails, newsletters, announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes in the system including the development of or change in products and services [franchise agreement paragraph 9.1]. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify [franchise agreement paragraph 6.2.2(iii)].

3) At your reasonable request or at our discretion, provide assistance either remotely or in person. For in-person training, you may be charged a fee and be required to cover all travel, lodging, food, and other expenses of your attendees or our representatives (see Item 6) [franchise agreement paragraph 6.1.4 and section 7.2].

4) Make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third-party provider. Inspections may be conducted without prior notice to you. Upon our request, at all reasonable times, you will provide us with video and/or digital images of the interior and exterior of your franchise business as set forth in the manuals [franchise agreement paragraph 6.2.2(iv)].

5) Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.4].

6) Replace defective products purchased directly from us based on our standard limited warranty. For items purchased through third parties or an affiliate, you must work directly with the supplier or manufacturer of those items regarding warranties, defective products, training and support [franchise agreement section 8.5].

7) At your expense, require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your premises from time to time as we may reasonably direct but not more than every five years, and we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement (except for required changes to the trademarks, or changes due to health or government mandates, guidelines, or public concerns which we may require at any time). This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment and technology at any time. You will also be required to complete any day-to-day maintenance issues as they occur during the term of the franchise agreement [franchise agreement paragraph 6.1.8]. You must implement all changes within the time frames required by us.

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

9) To the degree permitted by law, suggest retail prices, specify maximum prices above which you cannot provide any goods or services [franchise agreement paragraph 6.1.11]. You must honor all coupon, price reductions and other programs established by us [franchise agreement paragraph 6.2.2(ii)].

#### Employment Matters

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

#### Advertising and Promotion

You are required to participate in all marketing programs as directed by us and to use all materials, mediums, and other information made available to you in doing so. We may provide you with samples of marketing materials developed by us and provide new marketing techniques as developed [franchise agreement section 10.5].

You may develop marketing materials for your use, at your cost, but you must submit all marketing material developed or used by you along with mailing lists to us and receive our prior written approval before you can use it. Any marketing you create becomes our property and will be considered a “work-made-for-hire” that can be used by us and other franchisees without compensation to you. If you do not receive written approval or disapproval within 10 days of the date we received your submission of advertising materials, the materials submitted are deemed unapproved. We can revoke our approval of any marketing materials at any time in our sole discretion [franchise agreement section 3.10 and paragraph 10.1.1].



### Advertising Fund

There is no advertising or marketing fund and therefore we did not collect any marketing funds.

### Other Marketing Funds

At this time, you are not required to participate in any other advertising funds. No franchisee advertising council is anticipated at this time.

### E-Commerce

You may be allowed to place items for sale on our e-commerce site. For all of your sales made through our e-commerce site, the website will collect the sales price, shipping costs, and sales tax, if applicable. We will deduct the order management fee from the sale, and then remit the remaining amount to you. You will receive the amount collected for shipping, and you will be responsible for shipping the item(s) to the customer. We will also send to you any sales tax collected from your online sales made through our e-commerce site, and you will be solely responsible to file and pay the sales tax to the applicable taxing jurisdictions. We reserve the right to restrict your use of these sites in the future [see franchise agreement section 10.2].

### Internet and Social Media

You may not create a website for your franchise business. Additionally, you cannot market on the Internet, including posting for re-sell, items on third party re-sell or auction-style websites such as eBay®, Craigslist or Amazon, and you cannot claim any web listing on sites such as Yelp without our prior written permission [see franchise agreement section 10.3]. You will be able to create and manage social media for your location, but all social media for our brand must strictly comply with our policies and procedures and must be ADA compliant. We can require that you alter or remove a post, and you must also provide us administrative access and access to account information, and any other information related to your Pro Image® Sports social media activities. You must also sign the assignment of digital media accounts that is included as part of your franchise agreement. We reserve the right to restrict your use of social media in the future [see franchise agreement section 10.4].

### Email

You must at all times maintain and frequently check a valid and approved email address, known and available to us, to facilitate our communication with you [see franchise agreement paragraph 6.2.2(i)].

### Computer System

We require the use of a point of sale (POS) system designated by us to be purchased or leased from our designated supplier. The POS system currently provides:

- Reporting of sales
- Employee time keeping
- Tracking of costs and costs of goods sold
- Customer database
- Inventory management
- Credit card payment
- Purchase tracking

You must have at least a 1-terminal POS system that meets our specifications. The estimated cost purchasing the POS system is \$4,000 with a current monthly subscription cost of \$149 to \$250. We reserve the right to change the POS system at any time and you are required to comply with and are solely responsible for the fees associated with such changes. However, the monthly subscription costs are not controlled by us and can be increased by the supplier. We will have independent access to the information and data collected or generated by the computer and POS system. We can require you to obtain a static IP address from your internet provider. There are no contractual limits on our rights to do so. You must keep these systems available for our access 24 hours a day, 7 days a week. All data collected or provided by you, downloaded from your POS system, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you.

We may require updates and upgrades to your computer hardware, software and POS System at your expense during the term of the franchise agreement. There are no contractual limitations on our right to do so. Currently, the cost to update your POS system software is included in the monthly subscription fee. You will be required to upgrade your POS system if something breaks or becomes obsolete or as otherwise required by us, but we do not anticipate the costs to be more than \$1,000 per year above any sort of subscription fees. We are not required to maintain, repair, update and/or upgrade your computer or POS system [franchise agreement paragraph 6.1.12]. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement section 8.5].

#### Loyalty Programs

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

#### Accounting

We reserve the right to require you to use only the standardized profit and loss statement templates and balance sheet templates as we may designate. We also reserve the right to require you to follow our accounting procedures and line items, including standardized profit and loss statement templates, balance sheet templates, and charts of account as we may designate. We can change the required accounting software at our discretion [franchise agreement paragraphs 6.1.12(i) and (ii)].

#### Initial Training

We provide an initial training program. Your operating principal and your managers are required to attend and successfully complete a training program. We will provide the training without an additional fee to you for as many people as you decide to bring, but the cost of travel, meals, lodging and wages must be borne by you for all attendees, and everyone must attend the same training [franchise agreement paragraph 6.1.4]

Your “operating principal” is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind the franchise business in all dealings with us. The operating principal must be involved with the business as described in Item 15 [franchise agreement article XXI].

Successful completion of training must be completed at least 6 weeks before you may open your franchise business. Training must be successfully completed to the franchisor’s satisfaction and is based on your attendees’ knowledge and demonstration of competency in the various aspects of operating a Pro Image® franchise business. The length of training depends on the prior experience of your attendees but should range from two to five days. Failure to successfully complete training is a default of the franchise agreement. The estimated cost of training is estimated to be \$1,000 to \$3,000 for two people [franchise agreement paragraph 6.1.4].

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

## TRAINING PROGRAM<sup>1</sup>

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Vendors and inventory	4		Centerville, Utah
e-Commerce and social media	1 hour		Centerville, Utah
Construction, store operations, merchandising	3		Centerville, Utah
Open to buy/financial management	3		Centerville, Utah
Store visits	5		Centerville, Utah
In-store training (Optional) For up to 3 days, depending on prior experience		16	At a Pro Image® Sports location of Pro Image Sports' choice
Totals <sup>2</sup>	16 hours	16 hours	

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

<sup>2</sup> The total training hours above reflect training for an individual with no prior experience or background in the industry. Training times may be significantly shorter in each area depending on the attendee's experience and aptitude.

Each of the instructors has duties other than training that may require a specific instructor's attention. Substitute instructors may be used. However, all of the instructors conducting the training program will be employees of ours or an affiliate and have experience with Pro Image® Sports stores and/or experience with the various topics covered in the training program. The initial training is provided by instructors whose experience is described below and in Item 2 if the trainer is part of management. The following may provide instruction at training:

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
Bill Townsend	Vendors, inventory levels and purchasing	Since at least 1998	Since 1998	Since 1998
Burr Calapp	Construction; premises	Since at least 1993	Since 1993	Since 1993
Jake Riley	Overall store opening strategy	Since at least 2005	Since 2005	Since 2005

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
Aidan Whiting	Store operations, point of sale, and build-out	Since at least 2013	Since 2013	Since 2013
Lisa Briggs	Financials, bookkeeping, and business administration	Since at least 2007	Since 2007	Since 2007
Braxton McKee	Store visits	Since at least 2019	Since 2019	Since 2019
Brandon Davies	e-Commerce and social media	Since at least 2019	Since 2019	Since 2019

#### Materials Provided at Training

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

#### New Operating Principal or Management Training

After the initial training, any new operating principal and manager must complete initial training within 60 days of hire or designating as operating principal. We have the right to charge a fee for this training, but we currently do not charge one. You will also be responsible for covering the travel, food, and lodging for your attendees or our representatives (as applicable) [franchise agreement paragraph 6.1.4(i)].

#### Additional Manager Trainings

At our discretion, we can require your managers or operating principal and/or other key personnel to attend additional trainings if you are in default, or if we reasonably believe such training would be in the best interest of your franchise. All costs will be the same as new management training [franchise agreement paragraph 6.1.4(ii)].

#### Additional In-Person Training

Depending on availability and advanced written notice, if you would like additional in-person training, we may provide this training to you. We can limit additional training to a certain number of days, attendees, and/or representatives at a time. We can also require your operating principal and/or other key personnel to attend additional trainings if you are in default, or if we reasonably believe such training would be in the best interest of your franchise business. You will be responsible for the costs of travel, food, lodging and compensation of your attendees or our representatives [franchise agreement paragraph 6.1.4(iii)].

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

## **ITEM 12** **TERRITORY**

### **Non-Exclusive Territory**

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

### **Grant of Territory**

Under the franchise agreement, we will grant you the right to use the system and proprietary marks solely within a specific geographic area, the boundaries of which will be negotiated prior to signing the franchise agreement and described in the franchise agreement.

### **Size of Your Territory**

The specific size of your territory will be limited to the confines of the mall or the shopping center in which your franchise is located. The written boundary of your territory will be included in your franchise agreement. We will not place another franchise or company owned unit within your territory during the term of your franchise agreement so long as you are not in default of your franchise agreement.

### **Relocation**

You do not have the automatic right to relocate your business, and we have the right to deny any relocation request. You must obtain our prior written permission if you want to relocate your franchise premises, and you must also be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is based upon the same criteria used in approving a new franchisee's proposed site. If we do approve your relocation, in our sole discretion, you may be required to attend an initial training program. In addition, prior to opening your new premises, you will be required to pay for two of our representatives to visit your new premises for up to two days. The price for this mandatory visit will be our then-current rate for on-site assistance to you. You are responsible for all fees associated with this visit, plus our expenses for transportation, food and lodging for each representative.

### **Minimum Sales Requirement**

Your territory is not dependent upon achievement of a minimum sales volume, market penetration or other contingency.

### **Your Rights to Use Channels of Distribution**

You may be allowed to place items for sale on our e-commerce site. You do not have the right to sell products or services through other channels of distribution, including the Internet, apps, or social media.

### **Advertising Within and Outside the Territory**

You may advertise outside of your territory, but you may not advertise in another franchisee's territory. No discrimination based upon sex, race, religion, age, or national origin is permitted regarding the sale and purchase of the services offered or products marketed by you.

### **Options to Acquire Additional Franchises**

You do not receive the right or option to acquire additional franchises.

### **Non-Traditional Outlets**

We may offer, at our discretion, the option to purchase a franchise to operate non-traditional locations including locations at airports, military bases, universities, sporting arenas, transportation facilities, (including rail or bus terminals, toll road plazas and highway rest stops), national accounts, large

retail stores, educational facilities, or similar locations. If granted the option to open a franchise unit in a non-traditional location, you will be required to sign our then-current franchise agreement.

#### Our Rights to Use Channels of Distribution in Your Territory

We reserve the right to use other channels of distribution such as Internet, apps, and catalog sales for selling products under the Pro Image® Sports marks or other marks within your territory. Currently, all e-commerce sales are fulfilled by franchisees. The products offered for sale via the website are products requested by franchisees to have available for sale via the Internet. If there is an online sale that multiple franchisees would like to fulfill, it is automatically delegated to the owner closest geographically to the customer placing the order. We reserve the right to change the current system at any time in the future. We do not pay you for soliciting or accepting orders or selling any products or services through other channels inside your territory.

#### Our Previous Activities in Your Territory

Currently and in the past, we or an affiliate have used an e-commerce site to sell and distribute products and services in your territory under the Pro Image® Sports mark.

#### Competition by Us Under Different Trademarks

Neither we, nor an affiliate operates, franchises or has plans to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark.


### **ITEM 13** **TRADEMARKS**

#### Non-Exclusive Grant of the Trademark

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

#### Registered Trademarks

The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered with the United States Patent and Trademark Office. All required affidavits and renewals have been filed.

Registration/ Serial Number	Mark	Registry	Registration/ Filing Date	Status
1,405,372	THE PRO IMAGE (word mark) For: Retail Sporting Goods Store Services	Principal	July 9, 1986	Registered.
4,158,932	 (composite mark) For: sports apparel, sports related product, novelty items and gifts	Principal	June 12, 2012	Registered.
1,974,377	PRO IMAGE (word mark) For: Retail Sports-related Licensed Product Store Services	Principal	May 14, 1996	Registered.

#### Registered Domain Names



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

#### Use of the Trademark

You must promptly modify or discontinue the use of a trademark at your cost if we modify or discontinue it, and you have no rights to compensation or otherwise under the franchise agreement if we require you to modify or discontinue using a trademark, or we require you to use a different trademark.

#### Government Determinations Regarding the Trademarks

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

#### Superior Prior Rights and Infringing Uses

We are unaware of any superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory. There are specific cross-over restrictions regarding the use of certain marks which are set forth in the operations manual.

#### Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks.

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

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

### **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents

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

#### Copyrights

We have not registered our manuals or logos with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we, or our parent or affiliate, claim protected trade secrets and copyrights in parts of our franchise system. We claim other copyrights in sales literature



and marketing materials that we, or our franchisees, develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us. We or an affiliate may develop software or apps. If so, we claim copyright protection on all such items. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, at our reasonable discretion.

#### Proprietary Information

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

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

#### Protection Against Infringement

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

#### Government Determinations Regarding Patents and Copyrights

There are presently no effective determinations by the United States Patent and Trademark Office, the United States Copyright Office, or any court regarding a patent or copyright. There are no agreements currently in effect that significantly limit our rights to use or license the use of any patent or copyright.

#### Infringing Uses

There are presently no known infringements of the copyrights or patents.



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

**Participation and “On Premises” Supervision**

We highly recommend but do not require on-premises supervision by your operating principal. However, your operating principal must be your principal point of contact with us. Additionally, we require on-premises supervision by your designated manager who must be trained by us to manage your franchise business unless your operating principal will act as the full-time manager of the franchise business.

Additionally, although we do not require your operating principal to be involved in the day-to-day on-premises management, at all times during the term of your franchise agreement, your operating principal is required to participate in the franchise business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping; and all financial components of the franchise business (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees required by us; (iv) be directly involved with site selection, construction, remodeling; (v) be directly involved in all personnel decisions affecting the franchise business; and (vi) conduct frequent inspections of the franchise business operations to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods.

Your operating principal is not required to work a certain or minimum number of hours; however, he or she must work sufficient hours to operate your franchise business or supervise your managers so that your franchise business is operating at maximum capacity and efficiency.

**Who Must Attend and Successfully Complete Initial Training**

Your operating principal must attend and successfully complete our initial training program.

**Restrictions on the On-Premises Supervisor**

We do not put a limitation on whom you can hire as your on-premises supervisor, except that he or she must have been trained by us. Except for your operating principal, your on-premises supervisor or managers are not required to have an equity interest in the franchise business.

**No Competing Enterprises**

Neither you, your operating principal, nor your management employees can have an interest in, or business relationship with, any competing sports products or sportswear business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business. You, your partners, directors, members, shareholders, and operating principal, must sign our standard brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 [franchise agreement, exhibit A-4]. Some states may impose certain restrictions on non-competition agreements.

**Required Operations**

You must operate the franchise business 7 days per week throughout the year or the maximum days allowed or required by the landlord (unless waived in writing by us).

**Personal Guarantees**

Any individual who owns a 5% or greater interest in the franchise business and their respective spouse or domestic partner must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must provide and sell only those products and services specified and approved by us in writing. Almost your entire inventory will be sports-related licensed products and private label products of Pro Image® Sports. You must buy your products from authorized licensees of the respective sports leagues or teams. You are not permitted to sell counterfeit or unauthorized products. We do not put limitations on customers frequenting your business. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you may offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods and techniques concerning all our products and services.

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

**THE FRANCHISE RELATIONSHIP<sup>1</sup>**

**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	Summary
a. Length of the franchise term	Section 2.1	The term is 10 years.
b. Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the franchise term, you can enter into a successor franchise agreement for an additional 5-year term. Your successor agreement may also provide an option to enter into a subsequent successor franchise agreement.

Provision	Section in franchise agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2.2	In order to renew, you must, among other things, not be in default, modernize your franchise business to our then-current standards, and sign the then-current franchise agreement. When renewing, you may be required to sign a contract with materially different terms and conditions than your original contract. You are required to give us notice whether or not you want to renew at least 3 months prior to the expiration of your franchise agreement (subject to state law). If at the time for renewal we are not offering franchises in the U.S. or cannot by law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period. If, at the end of the one-year extension we still are not offering or cannot offer a renewal franchise to you, the franchise agreement will automatically expire, and you will not have any further renewal or extension rights.
d. Termination by franchisee	Sections 11.4 and 11.5	You have no unilateral right to terminate the franchise agreement. If we materially breach the franchise agreement, you may have the right to terminate the agreement based on our material breach, provided you first give us written notice of the breach and allow 60 days to cure the breach (subject to state law).
e. Termination by franchisor without cause	Section 11.1	We must have cause to terminate the franchise agreement.
f. Termination by franchisor with cause	Section 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure (see (h) below).
g. “Cause” defined – curable defaults	Paragraphs 11.1 L-U	You have between 72 hours and 30 days to cure certain material defaults of the franchise agreement.
h. “Cause” defined –non-curable defaults	Paragraphs 11.1 A-K	Non-curable defaults include insolvency, bankruptcy, conviction of a felony, fraud, repeated defaults even if cured, harm or threat of harm to the public, abandonment, trademark misuse, etc.
i. Franchisee’s obligations on termination/ non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due, and compliance with the brand protection agreement, etc. (see also (r) below).
j. Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k. “Transfer” by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, transfer of ownership interest, the sale of substantially all your assets, etc.
l. Franchisor’s approval of transfer by franchisee	Section 14.2	We must approve all transfers, but we will not unreasonably withhold approval.

Provision	Section in franchise agreement	Summary
m. Conditions for franchisor approval of transfer	Sections 14.3 - 14.8	Conditions to transfer include you are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training for new transferee arranged, new transferee signs the then-current franchise agreement, and a release is signed by you, etc. You must also coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to state law (see state specific addenda).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.9	We can match any offer for your franchise business or business assets within 60 days of written notice to us of the offer.
o. Franchisor's option to purchase franchisee's business	Section 13.1	Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value within 60 days.
p. Death or disability of franchisee	Section 14.10	Within 180 days of death or disability of your majority owner or operating principal, your personal representative must be approved, and a new manager must be trained, if applicable, or franchise must be assigned to an approved buyer. We have the right to operate your franchise business until a trained manager is in place or there is an approved buyer for which a fee will apply.
q. Non-competition covenants during the term of the franchise	Section 16.1	No involvement in a competing business anywhere without written approval (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.3 – 16.4	No competing business for 3 years within 100 miles of your location or within 100 miles of any operating Pro Image® Sports store (including after assignment). If you compete within the restrictive period, then this non-compete period will be tolled and extended for the period of your competition, plus 6 months (subject to state law). For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you may not solicit to or on behalf of a competing business any former customer of your franchise business that you serviced as a Pro Image® Sports franchisee, or customer of ours or of an affiliate or of another Pro Images Sports® with whom you interacted during the term of the franchise agreement.
s. Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but the operations manual is subject to change by us.
t. Integration/ merger clause	Section 20.10	Only the terms of the franchise agreement and related agreements are binding (subject to state law). All representations and promises outside the disclosure

Provision	Section in franchise agreement	Summary
		document and franchise agreement may not be enforceable. Any representations or promises made outside of the franchise disclosure document and other agreements may not be enforceable. <sup>2</sup>
u. Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes there must be a face-to-face meeting, mediation and arbitration (see state specific addenda).
v. Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Salt Lake City, Utah (subject to applicable state law).
w. Choice of law	Sections 19.1, 19.2, and 19.5	Utah law, the Federal Arbitration Act, and the United States Trademark Act apply (subject to applicable state law).

## **ITEM 18** **PUBLIC FIGURES**

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

## **ITEM 19** **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

### 2024 Figures

The charts below represent an historic performance representation of our existing Pro Image® Sports franchisees in operation during the entire 2024 year that operated similar franchises to those offered in this disclosure document. The analysis shows various views of the average gross sales on an annual basis for 139 of the 149 Pro Image® Sports franchisees located in the United States as of December 31, 2024.

These figures represent the period from January 1, 2024, through December 31, 2024, and includes the 139 franchisees that were open and operating and reporting sales throughout the 2024 calendar year, are located in traditional enclosed mall locations under traditional leases with high occupancy rates or in urban shopping center locations. 17 of the franchise units represented below are partially owned by one of our principals. The additional franchise units that are not included include 13 that were terminated or closed, and 10 that opened after January 1, 2024, or are small town concepts not operating in a traditional mall or urban shopping center.

**PRO IMAGE® SPORTS FRANCHISEES**  
**Average and Median Gross Sales in 2024**

Number of Stores	Average Annual Gross Sales	Median Annual Gross Sales	Number of Stores that Attained or Surpassed the Stated Result	Percentage of Stores that Attained or Surpassed the Stated Result
139	755,999	635,598	58	39%

High Annual Sales: \$2,616,950; Low Annual Sales: \$128,500

**PRO IMAGE® SPORTS FRANCHISEES**  
**Annualized Average and Median Gross Sales for New Locations that Opened in 2024**

Number of Stores	Annualized Average Annual Gross Sales	Annualized Median Annual Gross Sales	Number of Stores that Attained or Surpassed the Stated Result	Percentage of Stores that Attained or Surpassed the Stated Result

High Annual Sales: \$969,891; Low Annual Sales: \$300,119

**Franchisee Entities' Number of Years in Business**

Number of Years	Number of Franchisee Entities
0-1 Years	1
2-4 Years	13
5-9 Years	15
10-19 Years	16
20-29 Years	6
30+ Years	4

The above numbers reflect the number of franchise entities and not the number of franchise units. Many of our franchisees own multiple locations.

CEO-Franchisee Units. Our CEO, Jake Riley, is a part owner with at least 43% ownership in multiple franchise units. The below figures represent the annual gross and net sales for 17 units for the period of January 1, 2024, through December 31, 2024. 0 of the 17 units were open only for part of the year. The units are in various time zones and are in locations with different customer demographics. There are no material financial and operational differences between these units and operational franchise units.

Number of Stores	Annualized Average Annual Gross Sales	Annualized Median Annual Gross Sales	Number of Stores that Attained or Surpassed the Stated Result	Percentage of Stores that Attained or Surpassed the Stated Result
17	736,019	705,523	7	41%

High Annual Sales: \$1,370,131; Low Annual Sales: \$312,380

### Explanatory Notes

1. “Gross sales” means the total of all sales of all goods and services sold, traded, bartered, or rendered by you and income of every kind and nature including the value of a trade or other bartering arising from your franchise business and tangible property of every kind sold by you during the term of the franchise agreement. Gross sales also includes insurance proceeds and/or condemnation awards for loss of sales, profits, or business. “Gross sales” excludes bona fide credits or returns and excludes amounts paid by you for sales or use taxes on the sale of any products or services and excludes sales of gift cards or similar products (but the redemption of any such card or product will be included in gross sales).
2. “Average” means the sum of all data points in a set, divided by the number of data points in that set.
3. “Average gross sales” means the sum of the gross sales of the locations listed in an applicable group divided by the number of locations in that group.
4. “Median” means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the 2 numbers in the middle, adding them together, and dividing by 2.
5. “Median gross sales” means the center gross sales number of all gross sales included in an applicable group.
6. The financial performance representations do not reflect the costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

This financial performance representation has been prepared based on information as reported by the individual franchises. The numbers the franchisees reported were used for determining royalty payments due to us. The basis of accounting used by the franchisees is determined by the individual franchisee, but generally the franchisees use accrual basis accounting.

The information in this Item 19 was taken from financial statements from our franchisee and CEO franchised locations. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable written request.

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

Other than the preceding financial performance representation, Pro Image Franchise, L.C. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Pro Image Franchise, L.C. at 1310 West 233 North Suite 200, Centerville, Utah 84014 and 801-296-9999, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	127	144	+18
	2023	144	154	+10
	2024	154	149	-5
Company Affiliated Owned	2022	0	0	+0
	2023	0	0	+0
	2024	0	0	+0
Total Outlets	2022	127	144	+18
	2023	144	154	+10
	2024	154	149	-5

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

State	Year	Number of Transfers
Iowa	2022	0
	2023	1
	2024	0
Minnesota	2022	0
	2023	0
	2024	1
Montana	2022	0
	2023	1
	2024	0
Nebraska	2022	1
	2023	0
	2024	0
New Jersey	2022	0
	2023	0
	2024	1
South Dakota	2022	1
	2023	0
	2024	1



State	Year	Number of Transfers
Wyoming	2022	0
	2023	0
	2024	1
Total	2022	2
	2023	2
	2024	4

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

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Alaska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	1	0
California	2022	23	4	1	0	0	0	26
	2023	26	5	0	0	0	0	31
	2024	31	2	0	0	0	2	31
Colorado	2022	7	1	0	0	0	0	8
	2023	8	1	0	0	0	0	9
	2024	9	0	0	0	0	1	8
Connecticut	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Florida	2022	1	2	0	0	0	0	3
	2023	3	2	0	0	0	0	5
	2024	5	1	0	0	0	2	4
Georgia	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	9	0	0	0	0	0	9

State	Year	Outlets at Start of the Year	Outlets Opened	Termina tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2023	9	0	0	0	0	1	8
	2024	8	2	0	0	0	0	10
Illinois	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Iowa	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
Kansas	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
Kentucky	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Maryland	2022	1	1	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Minnesota	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	1	4
Montana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nebraska	2022	2	1	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Termina tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Nevada	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New Jersey	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	1	0	0	0	0	7
New Mexico	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New York	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	1	5
North Carolina	2022	4	0	1	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
North Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
Ohio	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	1	0	0	0	0	1
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oregon	2022	3	3	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
Pennsylvania	2022	5	1	1	0	0	0	5
	2023	5	0	0	0	0	1	4
	2024	4	0	0	0	0	0	4
South Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
South Dakota	2022	2	1	1	0	0	0	2
	2023	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2024	2	0	0	0	0	0	2
Tennessee	2022	3	2	0	0	0	0	5
	2023	5	2	0	0	0	1	6
	2024	6	1	0	0	0	1	6
Texas	2022	9	3	1	0	0	0	11
	2023	11	1	0	0	0	0	12
	2024	12	0	0	0	0	1	11
Utah	2022	8	1	1	0	0	0	8
	2022	8	1	0	0	0	0	9
	2024	9	1	0	0	0	0	10
Washington	2022	7	2	0	0	0	0	9
	2023	9	1	0	0	0	0	10
	2024	10	0	0	0	0	0	10
Wisconsin	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Wyoming	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Totals	2022	127	28	11	0	0	0	144
	2023	144	16	0	0	0	6	154
	2024	154	9	0	0	0	14	149

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2022 to 2024**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Required From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Total <sup>1</sup>	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

<sup>1</sup> Pro Image Franchise, L.C. does not have any company owned units.

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

<b>State</b>	<b>Franchise Agreement Signed But Outlet Not Opened</b>	<b>Projected New Franchise Outlet in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlet in the Next Fiscal Year</b>
California	0	0-1	0
Florida	0	0-1	0
Kentucky	0	0-1	0
Maryland	0	0-1	0
New Mexico	0	0-1	0
Oregon	1	0-1	0
Texas	1	0-1	0
Virginia	0	0-1	0
<b>Total</b>	<b>2</b>	<b>0-8</b>	<b>0</b>

**List of Franchisees**

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

**Disclosure of Franchisee Information**

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

**Sale of Previously Owned Outlet**

We are not selling a previously owned franchised outlet now under our control.

**Confidentiality Agreements**

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

**Franchisee Organization**

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

**ITEM 21**  
**FINANCIAL STATEMENTS**

Our fiscal year ends on December 31 of each year. Attached as Exhibit “B” are the audited financial statements dated as of December 31, 2024, December 31, 2023, and December 31, 2022.

**ITEM 22**  
**CONTRACTS**

Attached are the following: as Exhibit “A,” the standard Pro Image® Sports franchise agreement and its Exhibits (including Exhibit “A-8” as the Franchisee’s Report) as described in this disclosure document; and as Exhibit “G,” the Form Release Agreement (form).

**ITEM 23**  
**RECEIPT**

The last 2 pages of this disclosure document contain a copy of the receipt in duplicate, which is a detachable acknowledgement that you have received this Franchise Disclosure Document. This receipt must be returned to us. Please sign and date the receipt and return one copy to us and keep the other for your records. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to us at 1310 West 233 North Suite 200, Centerville, Utah 84014, or by emailing a signed and dated copy to us at [franchise@proimagesports.com](mailto:franchise@proimagesports.com).

**ADDENDUM TO THE PRO IMAGE® SPORTS FDD  
STATE REGULATIONS**

**SCHEDULE “A-1”  
TO THE FDD**



## STATE REGULATIONS FOR THE STATE OF CALIFORNIA

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

1. The California Franchise Investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.
2. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
6. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of Utah. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
8. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).  
☐
9. Neither franchisor nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling this or these persons from membership in such association or exchange.
10. Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.
11. OUR WEBSITE AT [WWW.PROIMAGESPORTS.COM](http://WWW.PROIMAGESPORTS.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE

DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

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

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

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

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

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

16. Franchisees owning 5% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

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

18. Under California law, an agreement between a seller and a buyer regarding the price at which the Buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

## INFORMATION FOR RESIDENTS OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Department of Commerce and Consumer Affairs  
Business Registration Division  
Commissioner of Securities  
335 Merchant St., 2<sup>nd</sup> Floor  
Honolulu, HI 96813

## SCHEDULE 2

### ADDENDUM TO THE DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII

1. The Hawaii franchise investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.
2. Hawaii Revised Statutes, Title 26, Chapter 482E, Section 482E-6 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with Hawaii law, the law will control.
3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under Hawaii law.
5. The franchise agreement requires application of the laws of the State of Utah. This provision may not be enforceable under Hawaii law.
6. The franchise agreement requires *you* to purchase certain goods from designated sources of supply. This provision may not be enforceable under Hawaii law unless such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds.
7. Upon termination or refusal to renew the franchise, Hawaii law requires that the franchisee be compensated for the fair market value of the franchisee's inventory, supplies, equipment and furnishings purchased from the franchisor or a supplier designated by the franchisor; provided that personalized materials which have no value to the franchisor need not be compensated for. If the franchisor refuses to renew a franchise for the purpose of converting the franchisee's business to one owned and operated by the franchisor, the franchisor, in addition to the remedies provided in this paragraph, shall compensate the franchisee for the loss of goodwill. The franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the franchisee's inventory, supplies, equipment, and furnishings pursuant to this requirement, and may offset from such compensation any monies due the franchisor.

*Effective Date* \_\_\_\_\_

**ADDENDUM TO THE FDD  
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

## STATE REGULATIONS FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the disclosure document, the following provisions shall apply to all franchises offered and sold in the State of Indiana:

1. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall apply to the franchise agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the disclosure document and franchise agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

3. No release language set forth in the disclosure document or franchise agreement, shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. To the extent required by the franchise laws of the State of Indiana, the franchise agreement will be construed in accordance with the franchise laws of the State of Indiana.

5. The provisions of the franchise agreement pertaining to litigation jurisdiction and venue shall be amended to be within the scope of the requirements of the Indiana Franchise laws.

**ADDENDUM  
FOR THE STATE OF MARYLAND**

ITEM 17 of the Disclosure document is amended to add the following:

- The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its rights to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legal enforceable.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.
- No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



**STATE REGULATIONS  
FOR THE STATE OF MINNESOTA**

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

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

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

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

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

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

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

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Franchisee (Signature)

## STATE REGULATIONS FOR THE STATE OF NEW YORK

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

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

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or

department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

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

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

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

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

## STATE REGULATIONS FOR THE STATE OF NORTH DAKOTA

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

1. Item 17 of the Disclosure Document is amended as follows:

- No general release shall be required as a condition of renewal and/ or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law Section 51-19-09.
- In case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.
- The statute of limitations under North Dakota Law will apply.
- Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- A provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
- In the event of a conflict of laws, North Dakota Law will control.
- Franchisee may not assent to a waiver of rights to a jury trial, waiver of rights to exemplary or punitive damages, or waiving his rights to any procedure, forum, or remedies provided for by the laws of North Dakota, or consenting to liquidated damages, termination penalties or judgment notes.

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

## **STATE REGULATIONS FOR THE STATE OF RHODE ISLAND**

The following language applies to any franchise agreement issued in the State of Rhode Island:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act dictates that, “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.”

Section 19-28.1-15 of the Rhode Island Franchise Investment Act states that, “A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.”

## **STATE REGULATIONS FOR THE COMMONWEALTH OF VIRGINIA**

By statute under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right give to him by any provision contained in the franchise. Accordingly, the Division requests that the franchisor add a Virginia Addendum to the FDD containing the following statements:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Pro Image Franchise, L.C. for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and area developer agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the franchise agreement and area developer agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.



## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Paragraph 19.1 of the franchise agreement is amended to remove the following language, “but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.”

20. Paragraph 20.10 of the franchise agreement is amended to remove the following language, “You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us.”

21. Paragraph 20.11 of the franchise agreement is amended to clarify that for Washington franchisees, the Washington Addendum applies even if the Washington Addendum is not executed or not signed by the franchisor, franchisee, or both.

22. Sections 20.14, 20.18, and 20.22 of the franchise agreement do not apply in Washington.

23. Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

24. Section 14.12 of the franchise agreement empowers the franchisor to purchase the franchise before the termination of the franchise agreement. This is inconsistent with RCW 19.100.180(2)(j) and does not apply to Washington franchisees.

25. The time limitations to initiate a claim as set forth in Section 17.2.3(iii) of the franchise agreement are hereby amended and extended to the time limits allowed under RCW 19.100.

26. Section 17.2.3(viii) of the franchise agreement is here by amended as follows:

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

27. Section 2 of the Form General Release Agreement (Exhibit “G” to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned parties do hereby acknowledge receipt of this Addendum.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisor Representative



**ADDENDUM TO THE DISCLOSURE DOCUMENT  
FOR THE STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
  - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
  - b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act’s requirements.

**EXHIBIT “A”  
TO THE FDD  
FRANCHISE AGREEMENT**



## **FRANCHISE AGREEMENT**

By and Between

PRO IMAGE FRANCHISE, L.C.

and

---

(Franchisee)

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**PRO IMAGE® SPORTS  
FRANCHISE AGREEMENT**

**TABLE OF CONTENTS**

<b>ARTICLE</b>	<b>PAGE</b>
I AWARD OF FRANCHISE .....	3
II TERM AND SUCCESSOR FRANCHISE .....	4
III INTELLECTUAL PROPERTY .....	5
IV CONSTRUCTION, COMMENCING OPERATIONS AND LEASE .....	8
V FEES AND REPORTS .....	11
VI FRANCHISEE’S OPERATIONAL COVENANTS .....	13
VII FRANCHISOR’S OPERATIONAL ASSISTANCE .....	21
VIII PURCHASE OF PRODUCTS AND EQUIPEMTN .....	21
IX MANUALS .....	22
X MARKETING .....	23
XI BREACH AND TERMINATION .....	24
XII TERMINATION AND EXPIRATION .....	27
XIII PURCHASE OPTION .....	29
XIV SALES OR TRANSFERS OF THE FRANCHISE .....	30
XV RELATIONSHIP OF THE PARTIES .....	34
XVI COVENANT NOT TO COMPETE .....	35
XVII DISPUTE RESOLUTION .....	36
XVIII NOTICES .....	39
XIX CONSTRUCTION AND JURISDICTION .....	39
XX MISCELLANEOUS .....	40
XXI DEFINITIONS .....	43

**Exhibits and Schedules**

A-1	Territory
A-2	Company Representations and Warranties
A-3	Fee Charts
A-4	Brand Protection Agreement for Principals
A-5	Employee Franchise Relationship Acknowledgement
A-6	Landlord’s Consent to Assignment
A-7	Guaranty and Assumption of Obligations
A-8	ACH Agreement
A-9	Digital, Social Media, and Listings Assignment Authorization
A-10	Franchisee Report
A-11	State Specific Addenda



## **PRO IMAGE® SPORTS FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into and made effective as of \_\_\_\_\_ by and between **PRO IMAGE FRANCHISE, L.C.** a Utah limited liability company (“Franchisor” or “We,” “Us” or “Our” as further defined in Article XXI below) and \_\_\_\_\_ (“Franchisee” or “You” or “Your” as further defined in Article XXI below).

WHEREAS, We have developed or have been licensed a system for the operation of a retail store known as Pro Image Sports®, offering to the public licensed and branded sports-related products and sportswear with a professional and collegiate sport emphasis and other related products and services (“Franchise Business”); and

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

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

### **ARTICLE I AWARD OF FRANCHISE**

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

1.1.1 Territory Rights. Except as set forth in this Agreement, during the term of this Agreement, We will not establish or operate a traditional company-owned outlet or grant to any person or entity a franchise within the Territory using the same or similar System as that licensed by this Agreement. Your territory is limited to the confines of the mall itself if the Franchise Business is located in a mall, or the confines of the shopping center if the Franchise Business is located in a shopping center.

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

1.3 Our Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among other rights, the right, in Our sole discretion: 1) to establish and license others to establish and operate Pro Image® Sports businesses outside Your Territory; 2) to operate and license others to operate businesses anywhere that do not operate under the Pro Image® Sports brand name; and 3) to use the Marks and other marks in connection with the manufacture and sale of products at wholesale and at retail.

1.3.1 Non-Traditional Outlets. We reserve the offer franchise units to be located in non-traditional locations. These locations may be adjacent to Your Territory and may Include locations at airports, military bases, universities, sporting arenas, transportation facilities, (including rail or bus terminals, toll road

plazas and highway rest stops), national accounts, large retail stores, educational facilities, or other similar locations. If You are granted the right to open a non-traditional outlet, You will be required to sign our then-current franchise agreement for that unit.

1.4 Rights to Use Channels of Distribution. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. We and Our affiliates expressly reserve the right to Market in Your Territory and elsewhere using Marketing strategies and distribution channels Including Internet, television, radio, apps, and catalog sales. You may be allowed to place items for sale on our e-commerce site; however, You do not have the right to sell products and/or services through other channels of distribution, including the Internet, via apps or social media. We do not pay You for soliciting or accepting orders for any products or services We or Our affiliates make inside Your Territory.

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

1.6 No Automatic Rights for Further Development. You do not have the contractual right to open additional locations. The decision to grant You the right to open one or more additional locations will be at Our sole discretion. Additionally, to be considered for approval to open additional locations, You must not be in default of this Agreement or any other franchise agreements.

## **ARTICLE II TERM AND SUCCESSOR FRANCHISE**

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of 10 years unless terminated earlier pursuant to Article XI herein. If We are required by law or otherwise to give You notice before the Termination of this Agreement and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Successor Franchise. You have the right to be awarded a successor franchise (“Successor Franchise”) upon the expiration of the original term for an additional term of five years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this agreement; 2) You have timely met material terms and conditions of this Agreement throughout the initial term; 3) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 4) You have timely paid all monetary obligations owed to Us during the term of this Agreement; 5) You have agreed to modernize and update your Franchise Premises to our then-current standards; and 6) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business. You must give Us written notice of whether or not You intend to renew at least 3 months prior to the expiration date of the term hereof. Your failure to give such notice will constitute an automatic election to enter into a Successor Franchise Agreement (defined below) and You will be required to sign Our Successor Franchise Agreement.

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

2.2.2 Notice of Non-Approval. Upon receiving Your election to enter into a Successor Franchise, We will have 45 days to provide written notice in the event You do not qualify for a Successor Franchise or as otherwise required by law.

2.2.3 Successor Franchise Agreement. If approved as a Successor Franchise, You must execute Our then-current form of successor franchise agreement (“Successor Franchise Agreement”). The Successor Franchise Agreement, Includes personal guarantees and a general release of all claims against Us (existing at that time) arising from this Agreement, the relationship created herein and Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement. You must sign and return to Us the Successor Franchise Agreement at least 90 days prior to the expiration of this Agreement, or You will, at Our election, be deemed to have elected not to enter into a Successor Franchise Agreement. Notwithstanding the requirement to enter into a Successor Franchise Agreement, if You fail to sign Your Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed only on a month-to-month basis requiring You to abide by Our then-current Fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated by Us upon 30 days prior written notice to You for any reason whatsoever. **You acknowledge that You will be bound by the form of the Successor Franchise Agreement in effect at the time which may contain Fees and charges, territorial, and other changes in material provisions different from those contained in this Agreement, Including terms affecting payments to Us or Our affiliates.**

2.2.4 Successor Franchise Fee. There is no Successor Franchise fee.

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

2.2.6 Upgrading Your Franchise Business. As a condition to Us approving You entering into a Successor Franchise Agreement, at Your expense, You are required to Update Your Franchise Business and Premises to the extent and in the manner specified by Us to conform with and bring it up to the standards, image, and capabilities of a new Pro Image® store and consistent with Our current logo and standards. Unless otherwise waived by Us, such Updates must be made within six months of signing the Successor Franchise Agreement. You will make all necessary arrangements to continue the occupancy of Your existing Premises through the Successor Franchise term(s) unless We give written permission to relocate Your Premises.

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

### ARTICLE III INTELLECTUAL PROPERTY

3.1 Intellectual Property and Confidential Information. You acknowledge that: 1) We have the sole rights in and to Intellectual Property and Confidential Information; 2) Your right to use the System is

granted by Us solely pursuant to the terms of this Agreement; and 3) We have the sole right to license and control the Confidential Information, and Intellectual Property. Our Intellectual Property and Confidential Information provided to You by or through Us will remain Our sole property. You acknowledge that Our Confidential Information and Intellectual Property are unique and/or confidential and contain trade secrets and other material proprietary to Us.

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

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

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

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

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

3.3.4 No Registration. You cannot make application for registration or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names, abbreviation, acronym, or phonetic or visual variation of the Marks, or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

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

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

3.5.1 Infringement. We are not required to take any affirmative action when We are notified of such uses or claims, and We are not obligated to protect any rights that You have to use the Confidential Information and Intellectual Property, or to protect You against claims of infringement or unfair competition. However, in the event We undertake the defense or prosecution of any litigation pertaining to any Confidential Information or Intellectual Property, You must execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation), undertake the defense of any such proceeding and will do so at Your sole cost and in strict coordination and oversight with Us. You may not do any act or make any claim which is contrary to or in conflict with Our rights in Our Confidential Information or Intellectual Property. We are not required to defend or indemnify You for expenses or damages if You are party to an administrative or judicial proceeding involving the licensed trademarks.

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

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

3.7 Fictitious Business Name. You must not use Our Marks or any other name similar thereto in the name of any partnership or entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, within 30 days of signing this Agreement, You must file for a certificate of assumed or fictitious name or a “doing business as” name (“DBA”) using our Marks as designated by Us, and in the manner required by state law so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement and must include Your assigned franchise designation



in such filing. You must provide Us with a copy of Your DBA registration and/or certificate upon receipt of the same, and upon Our request from time to time.

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

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

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

3.11 Consent to Use of Likeness and Your Franchise Business. You agree that We have the right to use the likeness (Including photographs or videos containing images) of: (a) You; and (b) Your Franchise Business for any purposes relating to the Marketing of the System or Marks. You agree that no compensation will be due to You for such use.

#### **ARTICLE IV CONSTRUCTION, COMMENCING OPERATIONS AND LEASE**

4.1 Location of Premises. You must select a site for Your Premises within the designated search area listed on Exhibit “A-1” (“Search Area”). You understand that the Search Area is not the protected territory, but is only the area where You may look for Your Premises. The Search Area may not be exclusive to You and We reserve the right to sell franchises or develop and outlet in the Search Area, but We will not sell or develop any units within Your Territory. You must have a site approved by Us for Your Premises within 90 days of signing this Agreement. If We do not approve Your initial proposed site, You shall have an additional 30 days to locate an approved site, in which case the deadlines in sections 4.2 through 4.4 below shall be extended by 30 days. Although We must approve Your site, We do not warrant or guarantee the success of the site. You must not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. Once a proposed site is approved by Us, We will

designate Your Territory. Your Premises must strictly comply with local zoning, state and federal laws, rules and regulations.

4.1.1 Location Approval. We must approve Your proposed site. However, it is Your responsibility, at Your sole cost and expense, to select the site within the Search Area. You must provide Us with the street address of the proposed site and such other information as We request, Including pictures, existing brochures of the proposed site, etc. **We do not prepare demographic studies or otherwise evaluate the need for Our products and services in Your Territory or Search Area, nor do We provide You with a site checklist or other similar information.** Site approval or disapproval should be completed by Us within four weeks after You have submitted a proposed site to us.

4.2 Lease. You are required to purchase or lease suitable real property from which to operate Your Franchise Business. A signed Lease must be in place within 12 months from the date of this Agreement. We must approve Your Lease before execution, Including the term of the Lease. If We review Your Lease, at Our discretion, the scope of Our review may be limited to adherence to Our requirements rather than a review of the underlying terms of the Lease. In no way does Our review of the Lease amount to any sort of endorsement or warranty of the Lease. You must also deliver an executed copy of the Lease with a signed Landlord's Consent to Us within 15 calendar days after execution.

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

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

4.3 Construction. Any construction of the Premises must be done in strict accordance with the specifications approved by Us, but it is Your responsibility to verify that the plans conform to federal, state and local laws. We do not assist in the actual construction, remodeling, or decorating of Your Franchise Business. We must approve Your Lease before You begin construction. You must complete construction within six months from the date of Your Lease.

4.3.1 Design of Premises. At Your own expense, and unless waived in writing by Us, You are required to follow Our interior and exterior design standards and specifications. You are required to adapt

Your Franchise Business in accordance with local, state, and federal laws, rules and ordinances. You are responsible for obtaining any required licenses and permits. We may, in Our sole discretion, assist in facilitating the construction, remodeling or decorating of the Premises, but the responsibility to pay for and complete the build-out is Yours alone.

4.3.2 Setting Up Premises. You shall arrange the fixtures, signs, furniture, décor, and other items of the Premises in strict compliance with the format and color schemes required or recommended by Us and to work with Our approved suppliers providing such items. We must approve Your Premises setup prior to opening, and if any elements of the Premises do not meet Our specifications, You will, at Your cost, be required to make the required adjustments.

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

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

4.4 Commencing Operations. You are required to commence operations not later than 30 days following completion of Your Premises or within 19 months from the date of Your Lease, whichever comes first. You must give Us not less than 30 days' prior written notice of the opening date. We have the right to inspect and approve Your Premises and other aspects of Your operations relating to Your compliance with this Agreement prior to opening.

4.4.1 Conditions to Opening. You shall notify Us in writing at least 30 days before You intend to open the Franchise Business to the public. Before opening, You must satisfy all the following conditions: (1) You are in compliance with this Agreement; (2) You have obtained all applicable governmental permits, license, certificates of occupancy, and authorizations; (3) the Franchise Business conforms to all applicable System standards; (4) We have inspected and approved the Franchise Business, which may be done virtually, at Our discretion; (5) You have hired sufficient Personnel; (6) Your officers and Personnel have completed all Our required pre-opening trainings and certifications; and (7) We have given Your Our written approval to open, which will not be unreasonably withheld.

4.5 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior written approval. Approval to relocate will be based upon the same criteria used in approving a new franchisee's proposed site. At Our sole discretion, You may be required to attend an initial training program if You choose to move Your Premises. In addition, prior to opening Your new Premises, You will be required to pay for two of Our representatives to visit Your new Premises for up to two days. The price for this mandatory visit will be Our then-current rate for on-site assistance to You. You are responsible for all fees associated with this visit, plus Our expenses for transportation, food and lodging for each representative. You must demonstrate the financial ability to relocate as part of Our approval process. We have the right to deny a request for relocation in Our sole discretion.

4.6 Failure to Meet Deadlines. If You fail to meet a deadline listed in this Article and fail to cure, or if We cannot agree on a site location, this Agreement is subject to Termination by Us, at Our option. However, You may be granted an extension at Our discretion if You demonstrate a good faith effort in complying with this Article.



## ARTICLE V FEES AND REPORTS

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

5.1.1 Additional Franchises. During the term of this Agreement, You may purchase additional franchise units at a discounted initial franchise fee per location as listed in Exhibit “A-3.” This option will only be available to You if there are franchise territories available, You meet Our then-current criteria for new franchisees, You are current and not in default of this Agreement, and, at Our sole discretion, We determine to sell You another franchise. You will be required to sign Our then-current franchise agreement, which may have material terms different from this Agreement.

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

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

5.3 Marketing Fees. There is no marketing fund and we do not collect marketing fees.

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

5.4.1 Payments; Due Date. All Fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Currently, the Fees as shown and calculated on the Gross Sales Report are due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account not later than the 10th day of each month for the previous month’s sales (the “Due Date”). Our current ACH agreement is attached hereto as Exhibit “A-8” and may be modified by Us at any time at Our sole discretion. You must have an active ACH agreement with Us at all times. Before terminating or canceling any active ACH agreement, You must provide a new ACH agreement to Us so that there is no time in which We do not have the ability to automatically withdraw or debit all payments and Fees due and owing to Us. You shall pay all service charges and fees charged to You by Your bank so that We may electronically debit Your bank account. We reserve the right to change the payment due date or require an alternative payment frequency for any Fee in the future. You agree that Your obligation to pay all Fees due under this Agreement are absolute and unconditional.

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

5.4.3 Late Fees; Insufficient Funds Fee. You will be charged a late Fee if a required Fee, payment to Us or an affiliate, or report is not timely received by Us or an affiliate, and You will be charged

per bounced check or insufficient funds transfer. See Exhibit “A-3.” These Fees are due within five days of notice to You, and the amounts may be adjusted by Us from time to time in the Manuals.

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

5.4.5 Sales or Use Tax. You understand and agree that We are a vendor for certain products You purchase directly from Us. As such, You are solely responsible for all applicable sales and use taxes on such products. You are responsible for knowing which taxes apply to these goods and when such taxes are required to be paid. If there is hereafter assessed any nature of sales tax or use tax or other value added tax on Fees that You pay to Us, You shall also pay Us the applicable tax when invoiced.

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

TYPE OF REPORT	DUE DATE	REMARKS
Gross Sales Report	Same due date as royalties, or as otherwise designated by Us	This report must Include the prior month’s sales of the immediately preceding month showing all monies received or accrued, sales or other services performed and such other information concerning Your financial affairs, as We may reasonably require.
Profit and Loss Statement	Within 30 days of filing your business tax return, or upon request, or as otherwise designated by Us	Must be in the format and include the line items as required by Us but does not need to be audited unless We request.
State and Local Sales Tax Returns	Due upon request	
State Tax Return	Annually, within 30 days of the filing due date	
Federal Tax Return	Annually, within 30 days of the filing due date	
IRS Form 941 (Employer’s Quarterly Federal Tax Return)	Due upon request	
Other Reports	Upon request	Those additional reports that We may from time to time require, Including sales and cost data and analysis, advertising budget, expenditures, etc.

5.5.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agents, have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business. You shall provide Us with access to, or copies of, all financial records in the time We require. We are not required to give You advanced written notice of an audit.

5.5.2 Audit of Books and Records. If any audit or investigation discloses a deficiency of 2% or more of the Gross Sales in the computation or payment of Fees due to Us, You shall immediately pay

Us the amount of the deficiency, the appropriate fee for late charges, and You shall reimburse Us for the total expense of the audit or investigation, Including, the charges for the accountant and the travel expenses, room, board and other costs incurred in connection with the audit. Your failure to report Gross Sales for any period, or Your failure to retain and have all required records available in an organized and readable manner will be deemed an understatement by more than 2%.

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

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

5.8 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement. You are not allowed to finance more than 70% of the funding needed for Your Franchise Business.

5.9 Non-Compliance. In Our sole discretion, as an alternative to placing You in default, as determined on a case by case basis, Including for failure to cure a prior default even if a fine has been imposed, We may issue You a fine or fines for certain violations of this Agreement and/or the Manuals. See Exhibit "A-3." If You do not correct the violation within the time required by Us, We have the right to put You in default. We are not obligated to charge You a fine before putting You in default. All fines and charges are to be paid upon billing or in accordance with Our electronic funds or automatic withdrawal program, if established. These fines are paid to Us to reimburse Us for Our administrative and management costs for Us to address the violation, are not a penalty or estimate of all damages arising from Your breach, and are not Our sole remedy. Our decision to impose, or not to impose, a fine for Your non-compliance does not constitute a waiver of any other right that We may have under this Agreement, Including Termination of this Agreement.

## **ARTICLE VI FRANCHISEE'S OPERATIONAL COVENANTS**

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

6.1.1 Compliance with Applicable Laws. You are solely responsible for ensuring compliance with all applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. As between Us and You, You are solely responsible for the safety and well-being of Your Personnel and the customers of the Franchise Business.

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

6.1.2 Appearance; Customer Service. You shall establish and maintain the Premises in good repair and in a clean and attractive manner; perform work competently and in a workmanlike manner; give prompt, professional, courteous and efficient service to the public adhering to the highest standards of honesty, integrity, fair dealing, and ethical conduct; and otherwise operate Your Franchise Business in strict compliance with Our System and policies, practices, and procedures contained in the Manuals or otherwise communicated to You so as to preserve, maintain, and enhance the reputation and goodwill of Our System. You must promptly respond to all complaints received from Your customers or other individuals and to resolve the complaint in a reasonable business manner. If We are contacted by a customer of Your Franchise Business who lodges a complaint, We reserve the right (but are not required) to address the customer's complaint to preserve goodwill and prevent damage to the Marks. Nothing in this Section or in any other provision of this Agreement is to be

construed to impose liability upon Us to any third party for any of Your actions or obligations. We reserve the right to require that Your Personnel comply with any dress code, Mark, or other brand-related standards that We may require. You shall arrange the fixtures, signs, furniture and décor of the Franchise Business in strict compliance with the format recommended or required by Us.

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

6.1.4 Training. Your Operating Principal and Your managers, if other than Your Operating Principal, are required to attend and successfully complete Our training program at least six weeks prior to opening Your Franchise Business. The length of training is generally two to five days but could be longer if Your Operating Principal or Your designated manager fails to successfully complete the training. Successful completion will be determined by Our trainers but may Include demonstrating knowledge of basic techniques, knowledge of policies and procedures, daily operations, record keeping, Marketing, and customer service. Failure to successfully complete training is a default of this Agreement. The training instruction is provided by Us without charge to You for as many people as You choose to have attend; however, You must cover the travel, food, and lodging costs as well as compensation for Your attendees.

(i) New Operating Principal or Management Training. Any new Operating Principal or manager must complete the initial training program within 60 days of assuming the position. We have the right to charge a fee for this training, but as of the date of this Agreement, We do not charge a fee. Depending on availability and advanced written notice, this training may take place at Your location, but more likely the training will take place at or near Our headquarters or at an affiliate's location. You must also cover the travel, food, and lodging for Your attendees or Our representatives, as applicable.

(ii) Additional Manager Training. At Our discretion, We may require that You and Your manager meet with Our representatives at a location specified by Us for the purpose of discussing and reviewing Your operations, status, and financial performance. If We, at Our discretion, determine that such a meeting is necessary, all costs will be the same as new manager training.

(iii) Additional In-Person Assistance or Training. Depending on availability and advanced written notice, if You would like additional in-person assistance or training, We may provide this training to You. We have the right in Our sole discretion to limit such assistance or training to a certain number of days, attendees, and/or representatives at a time. We can also require Your Operating Principal and/or other key Personnel to attend additional trainings if You are in default, or if We reasonably believe such training would be in the best interest of Your Franchise Business. Our current Fee for additional training is listed in Exhibit "A-3." You shall also bear the costs of travel, food, lodging in connection with assistance or training of Your attendees or Our representatives (as applicable).

(iv) Opening Assistance You must provide Us a valid certificate of occupancy for the Premises before We send any representatives to provide any opening assistance. If You postpone or reschedule Your opening, or if You fail to provide a valid certificate of occupancy before the scheduled opening training, You must pay Us the rescheduling Fee listed in Exhibit "A-3". Additional details on the opening assistance are set forth in paragraph 7.3.1 below.

(v) Rescheduling Fee. You shall pay Us the rescheduling Fee listed in Exhibit “A-3” if You cancel, postpone, or reschedule any training or assistance, or if You fail to complete certain requirements prior to a training.

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

6.1.5 Other Agreements. You agree to execute all other agreements required under this Agreement or as reasonably requested by Us from time to time and to provide Us with a copy within 15 days of execution.

6.1.6 Management. Your Operating Principal, or an approved manager will be required to devote their full time (at least 40 hours per week), attention, and best efforts to the management and operation of Your Franchise Business. You must disclose the identity of Your Operating Principal to Us, and You must immediately notify Us in writing if Your Operating Principal is no longer acting in such capacity. We must approve of Your Operating Principal and any replacement Operating Principal.

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

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

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

6.1.7 Operational Hours. You shall operate Your Franchise Business seven days per week throughout the year or the maximum days allowed or required by the landlord and at the hours We may designate.

6.1.8 Remodel and Upgrades. You are required to Update Your Franchise Business and Premises from time to time as We may reasonably direct, but not more often than every five years, and We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement (except for required changes to the Marks, or changes due to health or government mandates, guidelines, or public concerns which We may require at any time). This can Include structural changes, new flooring, wall treatments, signage, remodeling, redecoration of the furnishings, fixtures and décor and such modifications to existing improvements as may be reasonably necessary, such that all locations will have a generally similar look, appearance, and capabilities. We may also



require You to invest in new or updated equipment and technology at any time. You acknowledge that this obligation is reasonable and necessary to ensure continued public acceptance and patronage to Our brand and to avoid deterioration or obsolescence in connection with the operation of Your Franchise Business. You must complete all such Updates within six months of notice from Us. You shall also complete any day-to-day maintenance issues as they occur.

6.1.9 Your Personnel. You, Your principals, and Your Personnel are not Our employees or independent contractors. You are solely responsible for the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, directions governing the manner, means, and methods of performance of duties, work rules, safety, working conditions, and training of Your Personnel. We do not assist You in the employment-related decisions, or in creating any policies or terms and conditions related to the management of Your Personnel or their employment. We may provide You with an employee guide or manual, but it will only be an example of certain employment matters that You may choose to adopt or not. You must use Your own discretion on what policies to implement for Your Personnel based on Your own circumstances and management decisions. The sample manual is not edited or reviewed frequently to stay up to date with current or state specific employment laws and some policies may be outdated or conflict with current existing state or federal employment laws. You must seek Your own legal counsel to determine those policies that are legally compliant with current employment laws in Your state to draft Your own employee handbook. It is Your responsibility to comply with local and federal labor and employment laws. You further agree that in any office, break room, or other non-public area accessed by Your Personnel, You will post a sign or other document containing language We require explaining the difference between You, their employer or contractor, and Us, Your franchisor. Your Personnel must sign Our then-current form of the Franchise Relationship Acknowledgement attached as Exhibit “A-5.”

#### 6.1.10 Insurance.

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

Type of Insurance	Minimum Required Amount(s)
Commercial General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate, or leasehold minimum, whichever is greater
Property Insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Government Required Insurances	All worker’s compensation and employment insurance on your employees as required under all federal and state laws

(ii) Policy Requirements. Other than worker’s compensation, these policies must insure You and Us [Pro Image Franchise, L.C., 1310 West 233 North, Suite 200, Centerville, Utah 84014] and Our nominees as additional insureds against any liability that may accrue by reason of or relating to Your ownership, maintenance, or operation of the Franchise Business wherever it may be located. Your insurance is primary and non-contributory. Any insurance obtained by Us is solely for Our benefit and not for the benefit of You or Your Franchise Business. These policies must include a waiver of the insurer’s right of subrogation against Us and provide coverage for Your indemnification obligations under this Agreement. These policies must stipulate that We will receive a 30-day written notice prior to renewal or termination, and We must receive a 30-day notice of any modifications. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment prior to You beginning operations and within 15 days of any request which We may make from time to time.

You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain this insurance at Our discretion, and You must reimburse us the premium costs, plus an administration fee equal to 15% of the premium cost (see Exhibit “A-3”). We may periodically increase the amounts of coverage required and/or require different or additional coverage. We have the right to require that You obtain from Your insurance company, and subsequently provide to Us for Our review, a report of claims made and reserves set against Your insurance (commonly known as “loss runs”). If Your Premises are damaged and covered by insurance, You must use the proceeds to restore the facility to its original condition no later than 160 days from receiving the proceeds.

(iii) Continuation of Policy. Regardless of the amounts We state above, it is Your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, Including any policies that are on a “claims made” basis, which through the purchase of an extended reporting endorsement (i.e., “tail” insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24-month period following the end of the policy period.

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

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

(i) Retention of Records. You must record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us. You must retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all Your other business records and related back-up material tax returns and financial reports for at least five years following the end of the year in which the items pertain, Including after the Termination of this Agreement. Any data collected or provided by You, downloaded from Your POS System, or otherwise collected from You by Us or provided to Us, is and will be owned exclusively by Us, and We have the right to use the data in any manner without compensation to You. During the term of this Agreement, You are licensed, without additional compensation, to use such data solely for the purpose of operating Your Franchise Business. This license will automatically and irrevocably expire, without additional notice or action by Us, when this Agreement Terminates.

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

(iii) Merchant Account. At Your expense You must participate in Our merchant account and other point of sale programs as set forth in Our Manuals.

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

6.1.13 Conferences and Seminars. At Our discretion, We may hold conferences or seminars on a regional or national basis for all franchisees in good standing. The conferences or seminars may be held at various locations chosen by Us. If held, attendance is mandatory for Your Operating Principal, and You must pay registration Fees and all travel, lodging, food, and other expenses for each of Your attendees. We may also, in Our discretion, conduct additional seminars, which may be through online webinars, videos, live video conferencing or other electronic media, phone conference or in person. We may charge a seminar fee, and You will be required to pay all your travel, lodging, food and other expenses.

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

## 6.2 Quality Control.

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

6.2.2 System Compliance. You shall strictly follow Our System, the Manuals and other directories promulgated or provided by Us from time to time.

(i) Email Address. You must at all times use and maintain the email address provided by Us or approved by Us for use in relation to Your Franchise Business, frequently checked by You to facilitate Our communications, and that You must use as the sole email for all Franchise Business-related communications and accounts. If We provide You with an email account/address, such email account belongs to Us, and We have the right to access Your email account at any time and without notice to You, and You



understand and acknowledge that You have no expectation of privacy in the assigned email accounts. All Social Media You develop, or use must be attached only to the email address We approve or provide to You.

(ii) Incentive Program. If We adopt a loyalty, coupon, gift card/certificate, free giveaways, fundraising programs, membership or subscription model, or other discount or incentive program, You are required to implement and honor such programs in Your Franchise Business. You are not allowed to implement any sort of coupon, loyalty, membership, subscription model, fundraising program, gift card program, etc., without Our prior written permission. The method of sales and pooling and reconciling the funds for all such programs will be determined by Us at Our sole discretion as set forth in the Manuals.

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

(iv) Inspections and Visits. We may conduct periodic evaluations, inspections, and audits of any or all aspects of Your Franchise Business at reasonable intervals by Our duly authorized representative for compliance with the System, reporting, customer service and the standards and procedures set forth in the Manuals. These inspections may be conducted in-person or through remote access such as video or live video conferencing. We may conduct inspections without prior notice to You. Our inspections may Include Your Premises, business records, bank accounts, Venmo (and the like), operating procedures, and reports, computer drives, electronic storage devices, POS system, account records, tax records., etc., related to the Franchise Business. We also have the right to speak with and interact with Your Personnel and customers, and to remove samples of products, supplies and materials. Immediately upon Our request, You must provide to Us video and/or images of the interior and exterior of Your Premises, and any specific pieces of equipment or other areas of the Premises as may be more fully set forth in the Manuals. You will, if determined by Us, be charged a Fee (see Exhibit “A-3”) if You fail to comply with the System after an inspection and notice, and We reasonably determine a re-inspection is necessary.

(v) Customer Complaints. In the event You fail to successfully resolve a customer complaint as determined in Our sole discretion, and We are required to step in to assist the customer, You are required to pay a Fee (see Exhibit “A-3”).

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

(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all aspects of Your Franchise Business. We will work directly with Your Operating Principal and Your manager, and We may require additional training for Your Operating Principal, Your manager, and Your Personnel. You shall cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must

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

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

### 6.3 Miscellaneous Obligations.

6.3.1 Personal Guarantees. Each Owner of Your Franchise Business, respectively, who own 5% or greater interest, and their respective spouses or legal domestic partners, must each personally sign the Guaranty and Assumption of Obligations attached as Exhibit "A-7" to this Agreement.

6.3.2 Vending Machines. No vending machine, cigarette machine, amusement devices, juke boxes, or other devices of similar nature, whether or not coin operated, are allowed to be installed or used on the Premises without Our prior written consent.

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

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

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

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

## **ARTICLE VII**

### **FRANCHISOR'S OPERATIONAL ASSISTANCE**

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

7.2 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. We are not required to provide additional training to You. If You feel additional training is necessary (such as management training), We will provide such training to You based on advance notice and availability of Personnel. Currently, We do not charge a fee for this, but We reserve the right to charge a fee in the future. You shall be responsible to cover the cost of travel, food, wages, lodging and other costs incurred by Your trainees or Our representatives, as applicable. We have the right to communicate directly with Your Operating Principal, designated managers, and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.

7.3 Initial Training. We shall provide an initial training program for Your Operating Principal and other attendees in the various practices, policies and procedures for operating a Franchise Business. This training will take place in Centerville, Utah or other location designated by Us. The training program is described in Paragraph 6.1.4.

7.3.1 Opening Assistance. We will provide You with one of Our representatives who will provide You with one day of training prior to Your Franchise Business opening at no additional charge. You must have obtained all necessary permits and all Your POS system and other equipment must be installed and functioning for Us to provide this assistance.

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

7.5 Website Maintenance. We shall maintain a website for the Pro Image® Sports brand that will Include Your business information for Your location.

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

## **ARTICLE VIII**

### **PURCHASE OF PRODUCTS AND EQUIPMENT**

8.1 Approved Products and Services; Suppliers. You shall purchase, use, provide, carry, and sell only those goods and services that meet Our specification and/or that are purchased from suppliers that are officially licensed for one or more sports leagues. You shall timely pay all suppliers, Including Us and Our affiliates for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (Including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or

delay in shipment or receipt of merchandise due to temporary product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. No goods or services may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. Any additional goods or services that are unique to Your area requires written approval from Us before such goods and/or services are offered. For the purpose of this Article, “goods” means any product, good, inventory, supply item, equipment, tool, item, etc.

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

8.2 Supplier Compensation. We or Our affiliate may derive revenue from the sale of required goods and services through mark-ups in prices charged to You for goods and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of such goods and services. No compensation is due to You for compensation or discounts We receive from suppliers.

8.3 Unapproved Suppliers. We currently do not provide a list of approved suppliers and all suppliers You use MUST be officially licensed for one or more leagues. You are prohibited from using an unlicensed supplier.

8.4 Maintenance. You shall maintain all inventory, tools, and equipment of Your Franchise Business in good working order. If You fail to replace equipment, inventory, signs, furniture, tools, etc., that We reasonably feel is outdated, damaged, in need of repair, obsolete, etc., at Our sole discretion, We may replace those items for You, and You would be required to reimburse Us Our costs, plus a fee (see Exhibit “A-3”) for Our time within 15 days of invoicing.

8.5 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties defective products, training and support for any third-party goods purchased for Your Franchise Business. We provide a standard limited warranty for items purchased from Us.

## ARTICLE IX MANUALS

9.1 Manuals. We shall loan You a copy or provide electronic access to Our Manuals. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. The Manuals may be used by You only in association with Your Franchise Business and only during the term of this Agreement. We have the right to revise the Manuals at Our sole discretion. You must promptly and continuously comply, at Your expense, with all provisions of, and modifications to the Manuals. The master or most updated copy of the Manuals maintained by Us will control in the event of a dispute relative to the contents of the Manuals. You are responsible for frequently checking the Manuals and updates to ensure that You are aware of and compliant with the most up-to-date information and System requirements.

9.2 Standards and Procedures. We may establish performance procedures, standards and specifications (“Standards”) for the operation of Your Franchise Business. We may change these Standards at Our discretion, and You must strictly follow and implement all such Standards within the periods required by Us.

## ARTICLE X MARKETING

10.1 Your Obligations to Market. Neither We nor You are restricted from Marketing Your Franchise Business in the Territory. You are allowed to Market outside of Your Territory, but You are not allowed to Market within another franchisee's territory.

10.1.1 Approval of Marketing. You may develop Marketing and promotional materials and digital Marketing programs for Your use at Your cost, but You must submit to Us, prior to publication, copies of all Marketing materials, proposed to be used by You, Including any use of the Internet, or other digital, electronic or Social Media along with a description of how it will be used, by what media published and such other information as may be reasonably requested by Us. All such materials, Including Customer Data, must be approved by Us in advance and in writing in accordance with Our Manuals. Marketing that has been submitted by verified receipt or submission will be deemed unapproved if You do not receive written approval or disapproval within 10 business days from the date, We receive the submission. Immediately upon Our request to You, You must remove or take down any Marketing and promotional materials that We deem, in Our sole opinion, as not meeting Our standards. We have the right to disapprove previously approved Marketing materials at any time. At Our discretion or upon Your reasonable request, We will provide You samples of Marketing and promotional materials developed by Us from time to time. Additional copies will be made available at cost, plus shipping and handling.

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

10.2 E-Commerce. You may be allowed to place items for sale on Our e-commerce site. For all of Your sales made through Our e-commerce site, the website will collect the sales price, shipping costs, and sales tax, if applicable. We will deduct the order management fee that includes merchant processor fees from the sale (see Exhibit "A-3") and then remit the remaining amount to You. You will receive the amount collected for shipping, and You will be responsible for shipping the item(s) to the customer. We will also send to You any sales tax collected from Your online sales made through Our e-commerce site, and You will be solely responsible to file and pay the sales tax to the applicable taxing jurisdictions. We reserve the right to restrict Your use of these sites in the future.

10.3 Websites. You may not create a website for Your Franchise Business or use or obtain a domain name consisting of all or any part of the Marks, or that would be confusingly similar to all or any part of the Marks without Our prior written permission. Additionally, You cannot market on the Internet, Including posting for resale, items on third party resale or auction-style websites such as eBay®, Craigslist or Amazon, and You cannot claim any web listing on sites such as Yelp without Our prior written permission. To the extent that You have any web listings using Our Marks, You hereby assign such accounts to Us, and You must facilitate any transition and assignment with the online directory or Social Media platform within 30 days of the signing this Agreement or of creating such listing. We have the right (but not the obligation) to manage and control all online reviews for Your Franchise Business.

10.4 Social Media. You will be able to create and manage Social Media for Your location, but all Social Media must strictly comply with Our policies and procedures and must be ADA compliant. We have the right to remove or require You to remove any content We deem inappropriate or inconsistent with the Pro Image® Sports brand. You must also provide Us administrative access, and access to account information, and any other information related to Your Social Media activities related to the Pro Image® Sports brand. We reserve the right to restrict Your use of Social Media in the future. You must sign the Digital, Social Media,



and Listings Assignment Authorization attached as Exhibit “A-9.”

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

## **ARTICLE XI BREACH AND TERMINATION**

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

No-Cure Period:

A. Insolvency; Receivership; Levy or Foreclosure. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization, or a bill in equity or other proceeding for the appointment of a receiver of: (1) You; (2) Your Franchise Business; or (3) another custodian for Your Franchise Business or Operating Assets, is filed or consented to by You, or if a receiver or other custodian (permanent or temporary) of Your Operating Assets or property, or any part of them, is appointed by any court of competent jurisdiction, or the real or personal property of Your Franchise Business is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of Your Operating Assets and it is not dismissed within 30 days.

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

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

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

E. Failure to Complete Training. Your Operating Principal or Your designated manager fails to complete the initial training or other required management trainings.

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

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

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

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

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

K. Termination of Lease Agreement. Your Lease for the Premises is terminated due to Your uncured breach or default of the Lease Agreement. In the event Your Lease is unilaterally terminated or not renewed by the landlord (unilaterally shall mean without default or breach by You), You shall have the right to terminate this Agreement or choose to find a new approved location within 12 months of the Lease termination. In the event You choose to relocate to a new approved location, Your term shall be tolled for the period of time it takes to relocate and open.

72-Hour Cure Period:

L. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety, or You fail to cure a health code or safety violation within 72 hours of an inspection by Us or the applicable government agency.

5-Day Cure Period

M. Unauthorized Closure or Relocation. Your Franchise Business is closed for a period of three or more consecutive business days or not open for the business hours as required under this Agreement for three or more business days in any 30-day period without Our prior written approval, which consent will not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

N. Failure to Use or Provide Access to a Designated Account; Failure to Allow an Inspection. You refuse to use, or to enable, or to allow Us access to Your account for a designated platform or software, Social Media account, or branded email account; or You refuse to allow Us or Our designated representatives to conduct an inspection or audit, or You refuse to provide access to fully perform an inspection or audit.

15-Day Cure Period:

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

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

Q. Unauthorized Product Re-sell. You post for re-sell items on any third-party re-sell or auction style website without Our prior written permission.

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

S. Act in Contravention. You perform or undertake any action to undermine or circumvent Us, this Agreement, or the System.

30-Day Cure Period:

T. Owner Deadlock. Your owners are engaged in a Dispute with one another (deadlock) that materially affects the operation of Your Franchise Business or that We reasonably believe will materially affect the operation of Your Franchise Business if left unresolved.

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

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

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. In the event of a default by You, all Our costs and expenses arising from such default(s), Including reasonable legal fees and reasonable costs for Our Personnel's time related to the default(s) must be paid to Us by You within five days following Our demand for payment.

Notwithstanding anything to the contrary herein, We have the right, at Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

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

11.3.1 Our Pre-Termination Options. We have the right to: 1) suspend all services provided to You under this Agreement or otherwise, Including training, Marketing assistance, access to Our software platforms and accounts, and the sale of products and supplies; or 2) eliminate listing You in any Marketing materials, Including any directory listings, approved or published by Us, and Our principal website or Social Media platforms. We may continue taking these actions until You comply with the requirements of any default notice that We have sent to You, and We acknowledge Your compliance in writing. The options in this Section 11.3.1 will have no effect on and will not release You from any obligation You owe to Us or to Our affiliates.

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



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

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

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

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

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

## **ARTICLE XII TERMINATION AND EXPIRATION**

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

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

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

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

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

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

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

12.1.7 Modification of Premises. If We do not exercise Our right to purchase Your Operating Assets or assume Your Lease upon Termination, then You shall alter, modify and change both the exterior and interior appearance of the Premises to Our satisfaction, so that it will be easily distinguished from a Pro Image® Sports business and shall cease using the signs, displays, advertisements, promotional materials and the like that are unique or distinctive to the System.

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

12.1.9 Evidence of Compliance. Otherwise furnish evidence satisfactory to Us or in the manner required by Us of Your full compliance with Section 12.1 within 30 calendar days after the Termination of this Agreement or on the timeline We may provide at Termination.

12.1.10 Prepaid Services Reimbursement Fee. Upon Termination, You shall provide Us with an accounting of all outstanding Prepaid Services sold at or through Your Franchise Business. As We and other franchisees may be responsible to fulfill such Prepaid Services, You shall pay Us the amount of outstanding Prepaid Services plus 15% of the amount owed.

12.1.11 Payment to Us. If We must enforce any of Your post-termination obligations You must pay Us all of Our expenses including attorneys' fees, Our administrative costs, and other fees incurred in enforcing Your obligations and Our rights.

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

12.1.13 Pay Damages and Costs. In addition to any other remedy We may have under this Agreement and under law, in the event You fail to comply promptly with any of Your post-termination obligations, We may hire a third party or use Our own personnel to de-identify Your Premises and/or to carry out any other post-termination obligations on Your behalf, for which costs You will be responsible. These costs will include any attorneys' fees and costs incurred and associated with enforcing Your post-termination obligations. We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for these payments. Your reimbursement of Our costs will not affect Our right to obtain appropriate injunctive relief and other remedies to enforce this Article XII, Our trademark rights, or the covenants to not compete.

12.2 Upon Termination of this Agreement for any reason:

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

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

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

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

12.4 Make Premises Available to Us. In addition to those obligations set forth above, upon Termination, You shall make the Premises and computer systems accessible and available for Us to examine and verify Your compliance with Your post-termination obligations, and/or to operate a new Business at the Premises (see Paragraph 13.1.1(i) below) if We, at Our sole discretion, choose to do so. If You fail to make the Premises available to Us, You will be required to reimburse Us Our expenses incurred by Us to enforce Our rights under this paragraph.

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

### **ARTICLE XIII PURCHASE OPTION**

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

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. You hereby grant Us permission to speak directly with Your landlord and other creditors, Including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed to between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 60 days of such Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later ("Option Period") by giving written notice to You of Our intent to exercise Our option to purchase. We have the right to off-set any amounts You owe to Us against the purchase price. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens, We may withhold a portion of purchase price directly

to the lienholder to pay off such lien. We may withhold 25% of the purchase price for 90 days to ensure that all of Your taxes and other liabilities are paid.

(i) Interim Management During Option Period. We have the right, but not the obligation, to use Your Operating Assets and Premises (if the Lease is still in effect, and in such case, We will obtain this right from the landlord as applicable), and to hire Your Personnel to operate the business during the Option Period. You and We understand and agree that We will not be operating Your Franchise Business during this time, but We will be using Your Operating Assets and the Premises to operate Our own, separate Pro Image® Sports business (“New Business”) in order to keep the business open during the Option Period. We will pay You the fair market rental value for such use of the Operating Assets as agreed, but not to exceed fair market rental value, and if we use the Premises, We may pay rent directly to the landlord for Our use of the Premises. For any inventory or other items sold or consumed by Us during the Option Period, We will reimburse You the actual price You paid for such items. You will be required to cooperate to provide Us with all pertinent information regarding Your Franchise Business, as We deem necessary. We will establish Our own bank accounts and other accounts for the New Business during the Option Period. During the Option Period, We will pay all costs and expense of the New Business, and all proceeds of the New Business will belong to Us. We will not assume any of Your debts or obligations, and We will not be responsible to pay any debts or expenses incurred by Your Franchise Business. You shall indemnify and hold Us harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs, Including attorney’s fees, of or related in any way to the Franchise Business prior to Us operating the New Business at the Premises, and We will indemnify and hold You harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs arising solely from the New Business. If necessary, We have the right to change the locks and exclude You from the Premises during this Option Period.

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

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

## **ARTICLE XIV SALES OR TRANSFERS OF THE FRANCHISE**

14.1 Our Right of Assignment. You acknowledge that We maintain a staff to manage and operate the System and that staff members can change as Our owners, directors, officers, and Personnel come and go. You represent that You have not signed this Agreement in reliance on any shareholder, director, officer, or Personnel remaining with Us in that capacity. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns, and We will no longer have any performance or other obligations under this Agreement. We may be sold, or We may sell any part of or all Our Confidential Information and/or Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction, Including arrangements in which: 1) the territories, locations, or other facilities are, or are not, converted to the System or other format or brand (Including using the System or Marks), or 2) the System is converted to another format or brand, maintained under the System or a different system. You shall fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing. However, We will not re-brand any such business that are located inside Your Territory by allowing them to use the Marks.

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

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, financial resources, credit worthiness, health, background, training, personality, reputation, and business experience of the proposed transferee, Including that of the new Operating Principal, the terms and conditions of the Transfer, and any circumstances that would make the Transfer not in the best interests of Us or the System, Including, the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, Including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer.

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

14.5 Transfer Fee. To offset some of Our costs associated with the Transfer, You shall pay to Us the transfer Fee (see Exhibit “A-3”). The transfer Fee is non-refundable and is only payable at the time of the approved Transfer.

14.6 Minority Interest Transfers. If a proposed Transfer is for less than 40% of Your entity (cumulative during the term of this Agreement) there will be no transfer fee, but You must reimburse Us Our legal and corporate fees incurred related to the Transfer, and We will not be entitled to exercise Our right of first refusal set forth in Section 14.9 below. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement. Additionally, any new Operating Principal and other applicable Personnel are required to complete the necessary training as required by Us. Any new owner, along with their respective spouse or legal domestic partner, with a direct or indirect ownership of 5% or more in Your Franchise Business or Your entity is required to sign Our then-current form of the Guaranty and Assumption of Obligations attached as Exhibit “A-7” hereto. Furthermore, all applicable provisions of Section 14.8 below apply to minority interest Transfers as well.

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

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



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

14.8.2 Franchisee Application; Written Proposal. The transferee must complete and submit all application documents required by Us from prospective franchisees at the time of Transfer and be approved in writing by Us. The terms and conditions of the proposed Transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the transfer must not, in Our reasonable business judgment, negatively impact the future viability of the Franchise Business. If any part of the sale price is financed, You must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Fees owing to Us and Our affiliates pursuant to this Agreement.

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

14.8.4 New Franchise Agreement; Updates; Consent. At Our discretion, the transferee must sign the then-current form of the franchise agreement for a term equal to the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise agreement, or for minority interest transfers, You and We must amend this Agreement and its exhibits as necessary to reflect the change in ownership. You must also fully Update the Franchise Business and Premises to the level required of new franchisees. Additionally, You shall sign the appropriate paperwork to consummate Our consent to the Transfer.

14.8.5 Training. Unless We have previously trained the transferee, the transferee must pay for and complete the training or certification program required of new franchisees. You and the transferee and We must coordinate on the timing of training, so that the Franchise Business does not have a gap in properly trained management. The cost of such training will be at Our standard rate for training new managers, plus the cost of travel, food and lodging for the trainers.

14.8.6 Transfer Fee. You shall pay the Transfer Fee set forth on Exhibit “A-3” or reimburse Our legal fees for minority interest Transfers as set forth in Section 14.6 above.

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

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

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

#### 14.9 First Right of Refusal.

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

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, and any of those changes are more favorable to the purchaser, You must notify Us of the changes in writing, and We will have an additional 10 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. Additionally, if Your Franchise Business is not Transferred to such third party within five months after We elect not to purchase the Franchise Assets, You must re-offer the Franchise Assets to Us before You may Transfer to an approved third party. We have no obligation to purchase Your Franchise Assets.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or the majority owner of the franchisee entity (the term “incapacity” will mean any physical or mental infirmity that prevents the person from performing the obligations under this Agreement: (i) for a period of 60 or more consecutive days, or (ii) for 100 total days during a calendar year, the heirs or personal representative will have the right to continue Your Franchise Business; for no more than 180 days after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new Operating Principals. designated managers, or franchisees, Including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to Transfer Your Franchise Business. If a decision to Transfer is made, the Transfer procedures explained above will apply. If We are required to operate Your Franchise Business for a time due to death, or incapacity, or as otherwise allowed under this Agreement, the provisions of Paragraph 6.2.3 above will apply.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to transfer to Your spouse, domestic partner, or a third party all or any part of Your

Franchise Assets, such an order will constitute a transfer of this Agreement and will cause the transferee to be subject to all the terms and conditions concerning transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the franchises or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all Your rights and interests in and under this Agreement and Your Franchise Business at fair market value payable on terms as reasonably negotiated. The purchase price will not include compensation for any successor term or goodwill. All goodwill belongs to Us. If the purchase option is exercised, You must execute a general release to Us. We will close Our purchase and make payment within 60 days after closing or as soon thereafter as reasonably practical.

14.13 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership provided You: 1) give Us at least 15 days' prior written notice of the proposed Transfer; 2) provide copies of the entity's charter documents, bylaws (or operating agreement), ownership interests of the owners, and similar documents, as We may request for Our review to verify ownership and control of the entity; and 3) own all equity and voting securities of the corporation or limited liability company. Additionally, You and the new entity must sign an assumption and assignment agreement in the form required by Us, whereby the transferee assumes all obligations of this Agreement. Any Owner with a direct or indirect ownership of 5% or more in Your entity is required to sign Our then-current form of the Guaranty and Assumption of Obligations attached as Exhibit "A-7" hereto. There is no Fee for this kind of Transfer, but You must reimburse Our legal fees to complete the Transfer the amount of which is due upon Our demand of the incurred expenses.

## **ARTICLE XV RELATIONSHIP OF THE PARTIES**

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

15.2 Indemnification. You shall defend, indemnify, and hold Us harmless from and against any and all losses, liabilities, damages, costs and expenses whatsoever, Including reasonable attorney's fees arising out of or related to, or in any way connected with You or Your acts, errors, negligence, or omissions in the operation of Your Franchise Business or Your Franchise Business generally, Including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your Personnel, and other laws regarding public accommodations for persons with disabilities. You agree not to file any crossclaim or counterclaim against Us for any action made by a third-party or make any response that would infer or represent We are liable as a party or defendant to any action that is contrary to this Section. This Agreement and the terms in this Article and related terms in this Agreement is a bona fide defense to any claim You may contradictorily make against Us as to Our liability or proportion of fault. You shall bear all



costs to defend Us from claims raised by a third-party. If We incur any costs or liabilities to any third-party, You shall reimburse Us for costs associated with Our defense to those claims. We have the right to defend any such claim against Us by employing counsel of Our choice, subject to full reimbursement of all legal fees by You. We will use Our reasonable efforts to cooperate with You in any litigation, judicial or administrative proceeding to avoid duplication of time, effort or expenditure to the greatest extent possible without compromising Our interest in such matter. You are not required to indemnify Us for liability caused by Our willful misconduct, gross negligence, strict liability, or fraud. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

## **ARTICLE XVI COVENANT NOT TO COMPETE**

16.1 In-Term Covenants. During the term of this Agreement and for any extensions or Successor Franchises hereof, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location, except with Our prior written consent. Your Principals must each execute the standard Brand Protection Agreement for Principals attached as Exhibit “A-4.”

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

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

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

16.3 Post-Term Covenants. Upon Termination of this Agreement and for a continuous, uninterrupted period of three years thereafter, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in or assist a Competing Business in any capacity within Your Territory or within 100 miles of Your Territory or within 100 miles of the territory of any Pro Image® Sports business in operation at the time of Termination of this Agreement.

16.4 Non-Solicitation of Customers. During the term of this Agreement and for three years after the Termination of this Agreement, You, Your Principals, and Your Immediate Family, You shall not, directly or indirectly, contact any customer serviced by the Franchise Business, a prospective customer, or any former or then-current customer of Ours (with whom You had contact during the term of this Agreement) for the

purpose of soliciting from any such customer to a Competing Business. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

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

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

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

16.8 Breach of Non-Competition. If You violate Your in-term or post-Termination non-competition covenants, Our remedies Include, recovery of the greater of (a) all profits earned by You in the operation of such Competing Business; or (b) all amounts which would have been due to Us if such Competing Business were a Franchise Business during the period of competition.

16.9 Additional Equitable Remedies. The amount contemplated under Section 16.8 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Section 16.8 does not preclude recovery for damages for other breaches of this Agreement and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Additionally, We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for the amounts payable to Us under Section 16.8.

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

## **ARTICLE XVII DISPUTE RESOLUTION**

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

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

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

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the dispute and any related matters. Mediation will not defer or suspend Our exercise of any right, including termination rights under Article XI. All aspects of the mediation process will be treated as confidential, may not be disclosed to others, and may not be offered or admissible in any other proceeding or legal action whatsoever. Should a party refuse to pay its share of the costs and fees in advance of mediation, that party will be in default of this Agreement, and the Dispute may proceed directly to arbitration without mediation.

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

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

Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

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

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, indemnification under Article XV, or claims related to an act of Yours allowing Us to immediately terminate this Agreement, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two years after the first act or omission giving rise to an alleged claim. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained except for breach of the Intellectual Property set forth in Article III herein. Notwithstanding the above, nothing shall be construed to limit Our ability to collect liquidated damages.

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

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

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the mediation and the arbitration equally during the mediation and arbitration. If a party is unable or unwilling to pay its share of the cost of the mediation or arbitration, that party will be in default of this Agreement, and the non-defaulting party will have the following options: 1) to proceed directly to arbitration without mediation or proceed to litigation if the failure is to pay arbitration fees; or 2) to cover the costs of the mediator or arbitrator. Nonetheless, the prevailing party in arbitration, Including on appeal, will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of

arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

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

## ARTICLE XVIII NOTICES

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

FRANCHISOR:	FRANCHISEE:
Pro Image Franchise, L.C. 1310 West 233 North #200 Centerville, Utah 84014 (or Our then-current headquarters) Email: <a href="mailto:INFO@PROIMAGESPORTS.COM">INFO@PROIMAGESPORTS.COM</a>	_____ _____ _____ Email: _____
With a courtesy copy to (which will not act as notice or service to Pro Image Franchise, L.C.): The Franchise & Business Law Group Attn: Kara K. Martin 222 S. Main Street, Ste 5000 Salt Lake City, Utah 84101 Email: <a href="mailto:KMARTIN@FBLGLAW.COM">KMARTIN@FBLGLAW.COM</a>	

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

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

## ARTICLE XIX CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or



otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

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

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties are entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration or litigation proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration or litigation, if applicable. For purposes of this Agreement, "prevailing party" Includes, the party which obtains a judgment in their favor or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within 30 days of written notice after prevailing.

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

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

## **ARTICLE XX MISCELLANEOUS**

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

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

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the

resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

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

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

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

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

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. Neither party will be liable by reason of any failure or delay in the performance of such applicable party's obligations hereunder on account of strikes, fires, flood, storm, explosion, government shutdown or mandate, or other similar causes which is beyond such party's reasonable control. This Section will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits and schedules hereto to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document. If any term of this Agreement is determined as void and unenforceable, the remaining terms and duties under this Agreement will still be considered enforceable and severable as if it was its own separate agreement from the voided term.

20.11 Amendments. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement, and are binding.



20.12 Effective Date. Delivery of a draft of this Agreement to You does not constitute an offer. This Agreement will become effective only when fully executed and accepted by Us.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance, or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business; 7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variances. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, or the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction as We believe necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

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

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

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

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

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

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

20.22 Drafting; Rules of Construction. You acknowledge that You have read this Agreement, have had the opportunity to review it with an attorney of Your respective choice and have agreed to all its terms. The rule of construction that a contract be construed against the drafter will not be applied in interpreting this Agreement. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

## **ARTICLE XXI DEFINITIONS**

“Competing Business” means any business at wholesale or retail, or a business, offering for sale, trade, or barter 30% or more of officially licensed sports goods, sportswear, or sport related paraphernalia, Including sports jerseys, hats, shirts, and other clothing items with either professional or college sport team logos or names.

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

“Copyright Materials” means, even if it is not federally registered, writings, manuals, designs, blueprints, schematics, drawings, artwork, Marketing materials, agreements, contracts, scripts, pamphlets, instructions, books, literary works, documents, photographs, images, audio, music and jingles affiliated with the brand, videos, recordings, Social Media posts, software, websites and website data, apps, or any work We, You, other franchisees, or Our affiliates make that is in a fixed tangible medium as part of the Pro Image® Sports franchise system and authorized for use under the System.

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

“Customer Data” means any and all customers, and customer and potential customer data and lists, Including phone numbers, emails, mailing addresses, name and contact information for key personnel of the customer, Social Media followers’ information, etc., even if maintained by You or deemed to have arisen through Your activities as well as payment activity, demographic information, product and services purchases and use, and their frequency as well as any feedback and reviews and any other information You or We may collect on such customers through Our system and processes either electronically or on paper or other means that You are legally allowed to collect and share with Us under state or federal law and under this Agreement. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who

has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

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

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

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

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

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

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

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

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

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

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

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

“Manuals” means one or more guides or manuals, Including an operations manual, brand standards manual, training manuals, and/or policies and procedures manual, technical bulletins, online drives and portals,

or other written materials as may be developed, modified and supplemented by Us periodically. The Manuals may be printed or in an electronic format.

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

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

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

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

“Operating Principal” is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

“Owner” means a shareholder, member, partner, general partner, limited partner, and the like.

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

“Personnel” means any individual or entity engaged by the Franchisee to perform work or services in connection with the Franchised Business, Including employees, independent contractors, temporary workers, consultants, agents, subcontractors, interns, and volunteers, whether compensated or uncompensated.

“Prepaid Services” means gift cards, gift certificates, event deposits, prepaid services, etc., sold at or through Your Franchise Business for which We allow You to manage the accounting and pooling on such gift cards, gift certificates, prepaid services, etc. We may choose to utilize corporate pooling at any time.

“Principal” means Owners, directors, members, managers, officers, and principal employees and contractors.

“Pro Image® Sports Product” means any and all of the merchandise and other products and items that are sold or offered for sale by Us, Our affiliates, or by licensees or franchisees of Us at a Pro Image® Sports business.

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

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

“System” Includes the Franchise Business, specific Marks, store layout and décor, color schemes, standards], Manuals, processes, services, know-how, operating procedures and Marketing concepts, business

formats, specifications for and the use of certain equipment, the sale of products, supply items, and the use of proprietary and Confidential Information and other Intellectual Property.

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

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

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

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

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

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

FRANCHISOR:

FRANCHISEE:

**PRO IMAGE FRANCHISE, L.C.**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_, personally

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_, personally

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing an Addendum to the Franchise Agreement pursuant to:

\_\_\_\_\_ Illinois  
\_\_\_\_\_ Indiana  
\_\_\_\_\_ Maryland  
\_\_\_\_\_ Minnesota  
\_\_\_\_\_ New York  
\_\_\_\_\_ North Dakota  
\_\_\_\_\_ Washington  
\_\_\_\_\_ Other

*[Signature Page to the Pro Image® Sports Franchise Agreement]*

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

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

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

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

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3. Your Territory is limited to the confines of the mall or the shopping center where Your Premises is located.

**Our approval of the Territory or a site is not a guarantee or a warranty of the potential success of a territory or a site.**

\_\_\_\_\_  
Franchisee Initial and Date

\_\_\_\_\_  
Franchisor Initial and Date



**EXHIBIT "A-2"**  
**TO THE FRANCHISE AGREEMENT**

**COMPANY REPRESENTATIONS AND WARRANTIES**

You make the following additional warranties and representations:

You are a (check one):

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

Name of your entity: \_\_\_\_\_

State where your entity was formed: \_\_\_\_\_

Date of formation: \_\_\_\_\_

Entity EIN: \_\_\_\_\_

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

Name	Address	Percentage of Ownership*

\*Corporation: Percentage owned of outstanding voting stock.

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

\*Limited Liability Company: Percentage owned in membership interest.

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

Name	Title	Manager/Officer

The address where Your corporate records are maintained is: \_\_\_\_\_  
\_\_\_\_\_.

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

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below. Your entity documents must state that Your entity will be used solely for the purpose of operating the Franchise Business.

Dated \_\_\_\_\_.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**FEE CHART<sup>1</sup>**

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

Type of Fee	Amount	Notes
Initial Franchise Fee	\$30,000	See Section 5.1
Royalty	5% of Gross Sales	See Section 5.2
Successor Franchise Fee	\$0	See Paragraph 2.2.4
Additional Franchise Purchase During the Term	\$15,000	See Paragraph 5.1.1
Late Fees <sup>1</sup>	\$25 per late fee per day for each late fee or report up to \$500 for each late fee	See Paragraphs 5.4.3 and 5.4.4
Interest <sup>1</sup>	18% interest or the maximum allowed by state law	See Paragraphs 5.4.3 and 5.4.4
NSF Fees	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.3
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.5
Audit Charge	Cost of audit	See Paragraph 5.5.2
System Non-Compliance Fines and Charges	\$1,000 per violation	See Section 5.9
New Operating Principal or Management Training	Our then-current fee for such training; currently, \$0 per person/per day	See Paragraph 6.1.4(i)
Additional Manager Training	Same as new manager training	See Paragraph 6.1.4(ii)
Additional In-Person Assistance or Training	Our then-current fee for such assistance; currently, \$0 per person/per day	See Paragraph 6.1.4(iii) and Section 7.3
Rescheduling Fee	Our costs	See Paragraph 6.1.4(v)
Insurance Reimbursement Fee	Reimbursement of premium costs, plus an administration fee equal to 10% of the premium costs	See Paragraph 6.1.10
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.12(iv)
Conference Fee	Currently \$0	See Paragraph 6.1.13
Seminar Fee	Currently \$0	See Paragraph 6.1.13
Customer Complaint Resolution Fee	\$50 per incident, plus Our costs	See Paragraph 6.2.2(v)
Interim Management Fee	\$250 per person/per day	See Paragraph 6.2.3 and 14.10
Replacement Costs	Our costs, plus \$50 per hour for our time	See Section 8.4
Order Management Fee	10% of the online sales price	See Section 10.2
Additional Copies of Marketing Materials	Our reasonable costs, plus 10%, and the costs for shipping and handling	See Section 10.5

Fees on Default	Our costs associated with Your default	See Section 11.2
Post Termination Fees	Actual costs	See Section 12.1
Pre-Paid Services Reimbursement Fee	Amount owed, plus 15% of the total amount owed	See Paragraph 12.1.10
Franchise Agreement Transfer Fee	\$5,000	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and administrative costs incurred related to the transfer	See Section 14.6
Transfer Training Fee	Our then-current fee for such training	See Paragraph 14.8.6
Indemnification	Our damages and costs	See Section 15.2
Liquidated Damages for Non-Compete Violations	Varies	See Section 16.8
Dispute Resolution Fees	Our legal fees and costs	See Section 17.2

<sup>1</sup> If a fee is subject to change by Us rather than by a third party, the increase will not be more than the equivalent of 5% per year during the term of this Agreement. Costs or fees charged by third parties are subject to change at any time and do not have an annual cap.

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

**BRAND PROTECTION AGREEMENT FOR PRINCIPALS**

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the “Agreement”) is entered into and made effective as of the effective date listed below, by and between **PRO IMAGE FRANCHISE, L.C.**, (“Franchisor”) and the undersigned (individually and collectively, the “Principals”).

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

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Franchise Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor’s entering into the Franchise Agreement is conditioned upon each Principal entering into this Agreement; and

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

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

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

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Franchise Agreement, Principals, and any of a Principal’s Immediate Family shall not during the term of the Franchise Agreement and time thereafter in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Business or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also make its Immediate Family aware of this Agreement as well as the non-compete, non-solicitation and confidentiality provisions in the Franchise Agreement. Principals shall also adopt and implement all procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, Including restrictions on disclosure to Personnel and other third parties.

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

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

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

3.2 Post-Term Covenant. Upon Termination for any reason of the Franchise Agreement and any extensions or Successor Franchise Agreements thereof, or upon any Transfer or repurchase of a Principal's rights under the Franchise Agreement or the franchise entity, or a Principal's dissociation from the Franchise Business, and for a continuous, uninterrupted period of three years thereafter, Principals, and Principal's Immediate Family, shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business within the Territory or within 100 miles of the Territory or the territory of any System franchise or Pro Image® Sports business operation at the time of such Termination or Transfer. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision. Principals agree that the Franchise Business attracts customers from up to 100 miles and that such geographical restraint is not unreasonable.

3.3 Non-Solicitation of Customers. Principals shall not, during the term of the Franchise Agreement and any extensions or Successor Franchise and for three years thereafter, directly or indirectly, contact any former or then-current customer of customer the Franchise Business, or any former, then-current customer of Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer or of Franchisor for the purpose of soliciting such customer to a Competing Business. All customer lists and customer data belong to Franchisor. For clarity, a "prospective customer" does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

4. Violation of Non-Competition, Non-Solicitation Provisions; Tolling of Covenants. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled and extended for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of the greater of (a) all profits earned by You in the operation of such Competing Business; or (b) all amounts which would have been due to Us if such Competing Business were a Franchise Business during the period of competition. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Upon the Termination of the Franchise Agreement, or Principals' disassociation from the Franchise Business, each Principal agrees to deliver to Franchisor (and shall not keep a copy in his or her possession or deliver to anyone else) the Pro Image® Sports Manuals and any and all Confidential Information.

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

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

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

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

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

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

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

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

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

14. Waiver. Each Principal understands and acknowledges that Franchisor can require the use of cameras at the business premises, and each Principal waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, changing room, etc.



15. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

16. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

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

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

FRANCHISOR:  
**PRO IMAGE FRANCHISE, L.C.**

PRINCIPALS:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

[Brand Protection Agreement for Principals Signature Page]

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

**FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT**

Because you are becoming a part of the Pro Image® franchise system, it is important that you understand and acknowledge who is your employer (or the party that hired you as an independent contractor), and who is not.

You have been hired by \_\_\_\_\_ (Legal Name of Franchisee) (“Franchisee”), which is an independent franchise owner in the Pro Image® franchise system (which we call the “System”). Although Franchisee looks the same, has the same name, and is operated the same way as other Pro Image® outlets in the System, Franchisee is not part of the same company as those other Pro Image® outlets in the System. Pro Image Franchise, L.C. is a completely separate company that owns or has been licensed the System to Franchisee. Pro Image Franchise, L.C. has devised rules, systems of operation, and policies and procedures that all of franchisees must follow, including Franchisee, which makes each independent franchise Pro Image® outlet look and operate the same way as one another. This way, Pro Image Franchise, L.C. manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own Pro Image® outlet.

It is important that you understand that Franchisee is your **only** employer (or is the only party associated with the Pro Image® franchise system that hired you as an independent contractor). If you are Personnel of Franchisee, then Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. If you are an independent contractor, then Franchisee compensates you, hires you for certain hours or tasks, and provides you with the job description for your services to Franchisee. Pro Image Franchise, L.C. is **not** your employer and has not hired you to provide services related to the Pro Image® franchise system. If Pro Image Franchise, L.C.’s representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all customers of Pro Image® is the same at or through your place of work as it is at other Pro Image® outlets in the Pro Image® system. The fact that you are trained, or given direction or advice, by Pro Image Franchise, L.C.’s representatives does not mean that Pro Image Franchise, L.C. is your employer.

If you have any questions about your employment relationship or your contracted relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer (or the party that hired you as an independent contractor), Franchisee.

I have read this Franchise Relationship Acknowledgement, and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_

**EXHIBIT "A-6"**  
**TO THE FRANCHISE AGREEMENT**

**LANDLORD'S CONSENT TO ASSIGNMENT**

\_\_\_\_\_ ("Landlord") hereby consents to an assignment of the lease agreement ("Lease Agreement") to Pro Image Franchise, L.C., ("Franchisor") for the purpose of securing the obligations of \_\_\_\_\_ ("Lessee" and Franchisor's franchisee) to Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said Lease Agreement without first giving Franchisor an opportunity, but not the obligation, to cure said breach for an additional 10 days beyond the applicable cure period granted to the Lessee under the Lease Agreement.

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

Landlord agrees that if Tenant does not timely cure a default under the Lease Agreements, or the Lease Agreement or franchise agreement is terminated, Franchisor will have the right, but not the obligation, within 90 days of such date, to take possession of the premises, and to assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises, Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement.

Notices to Franchisor will be sent to: 1310 West 233 North Suite 200, Centerville, Utah 84014.

Landlord's Contact Information:

LANDLORD:

Contact Person: \_\_\_\_\_

By: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

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

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

This GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is entered into and made effective as of \_\_\_\_\_ by and between **Pro Image Franchise, L.C.**, (“We,” “Us” or “Our”) and the undersigned Guarantor(s) (“Guarantor(s)”) who are the owners of \_\_\_\_\_ (the “Business Entity”) and their respective spouses or legal domestic partners (collectively and individually referred to as “spouse”).

1. **Scope of Guaranty.** In consideration of and as an inducement to Our signing and delivering the Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantee to Us and Our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, any provision in the Franchise Agreement, Including confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees that no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Us and the Business Entity thereunder will affect the enforcement or validity of this Guaranty. Each Guarantor agrees that upon the death of a Guarantor, the estate of such Guarantor will be bound by the obligations of this Guaranty.

2. **Waivers.** Each Guarantor waives: (a) acceptance and notice of acceptance by Us of Guarantor(s) obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (d) any right Guarantor(s) may have to require that an action be brought against the Business Entity or any other person as a condition of Guarantor(s) liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor(s) may have against the Business Entity arising as a result of Guarantor(s)’ execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor(s) may be entitled in Guarantor(s)’ capacity as guarantors.

3. **Consents and Agreements.** Each Guarantor consents and agrees that: (a) Guarantor(s)’ direct and immediate liability under this Guaranty are joint and several; (b) Guarantor(s) must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Guarantor(s)’ liability will not be contingent or conditioned upon Our pursuit of any remedies against the Business Entity or any other person; (d) Guarantor(s)’ liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which We may from time to time grant to Business Entity or to any other person, Including the acceptance of any partial payment or performance of the compromise or release of any claims (Including the release of other guarantors) and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, where required by the Franchise Agreement, after its termination or expiration.

4. **Enforcement Costs.** If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) shall reimburse Us for Our enforcement costs. Enforcement costs include reasonable fees from accountants, attorneys, attorney’s assistants, arbitrators, and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Disputes.** Guarantor(s) and its spouse acknowledge and represent that Guarantor(s) and its spouse have had an opportunity to review the Franchise Agreement and agree that the provisions of Article XVII (disputes and arbitration) of the Franchise Agreement have been reviewed by Guarantor(s) and its spouse and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and/or its spouse and Us. Each Guarantor(s) and its spouse irrevocably submits to the exclusive jurisdiction and venue of said arbitration and listed courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) or a spouse is domiciled.

6. **Spouse's Signature.** By signing below, the undersigned spouse acknowledges and consents to Guarantor(s) execution and performance under this Guaranty and the undersigned spouse also consents to his or her personal and marital assets securing the Business Entity's performance under the Franchise Agreement and Guarantor(s)' performance under this Guaranty.

7. **Counterparts.** This Guaranty may be signed in counterparts Including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the Guarantor(s) and its spouse have respectively signed and sealed this Guaranty effective as of the day and year first written above.

<b>Guarantor(s)'s Signature</b>	<b>Spouse Signature</b>	<b>Contact Information for Notice</b>
By: _____	By: _____	Guarantor's Address: _____
Name: _____	Name: _____	_____
Email: _____	Email: _____	Spouse's Address (if different): _____
		_____
		Guarantor's Address: _____
By: _____	By: _____	_____
Name: _____	Name: _____	_____
Email: _____	Email: _____	Spouse's Address (if different): _____
		_____
		Guarantor's Address: _____
By: _____	By: _____	_____
Name: _____	Name: _____	_____
Email: _____	Email: _____	Spouse's Address (if different): _____
		_____

**EXHIBIT “A-8”  
TO THE FRANCHISE AGREEMENT  
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**



1310 West 233 North, Suite 200  
Centerville, UT 84014  
(801) 296-9999

**ACH AUTHORIZATION FORM**

Business Name: \_\_\_\_\_

Owner Name: \_\_\_\_\_

Billing Address: \_\_\_\_\_

City, State: \_\_\_\_\_

Zip: \_\_\_\_\_

Store #(s): \_\_\_\_\_

Select and initial all that apply:

☐

I authorize **Pro Image Franchise, L.C.** to instruct my bank account for the one-time payment of \$\_\_\_\_\_. Initial: \_\_\_\_\_

☐

I authorize **Pro Image Franchise, L.C.** to instruct my bank account for all Group Buy invoices. Initial: \_\_\_\_\_

☐

I authorize **Pro Image Franchise, L.C.** to instruct my bank account on the 15th of each month for payment of royalties. Initial: \_\_\_\_\_

Bank or Institution: \_\_\_\_\_

Account #: \_\_\_\_\_

Routing #: \_\_\_\_\_

[ ] Checking

[ ] Savings

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify Pro Image Franchise, L.C. in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. At which time, I will provide new banking information to Pro Image Franchise, L.C. for the purposes of ACH payments of monthly royalties. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that Pro Image Franchise, L.C. may at its discretion attempt to process the charge again. I acknowledge that the origination of ACH transactions to my account must



comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my bank so long as the transactions correspond to the terms indicated in this authorization form.

ATTACH A VOIDED CHECK

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

**DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION**

This **DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION** (“Assignment”) is made and entered into as of the Effective Date (listed on the signed page below), by and between the undersigned Franchisee and Pro Image Franchise, L.C. (“Franchisor”).

**RECITALS**

WHEREAS, Franchisee has entered into a Pro Image® Sports Franchise Agreement with Franchisor of even date herewith (“Franchise Agreement”); and

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

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

1. Franchisee hereby assigns all rights and interest, Including all associated goodwill, in the Social Media and other digital media accounts used in the Pro Image® Sports Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, Including, Franchisee’s website, Facebook, Instagram, Tik-Tok, Pinterest, Google listings, Twitter, LinkedIn, Tumblr, email accounts, and the like (collectively the “Digital Media Accounts”). Franchisee shall take all action necessary to grant exclusive access of the Digital Media Accounts to Franchisor, including providing all passwords and administrative access to such Digital Media Accounts.

2. Franchisee hereby assigns and transfers (or in Franchisor’s sole discretion disconnects) the telephone listings, telephone numbers, Including the telephone number(s) listed on Marketing and Social Media Accounts, URL’s, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (individually a “Listing” and collectively the “Listings”).

3. Franchisee represents, warrants, and covenants the following with regard to the Digital Media Accounts and Listings:

- a. Franchisee has the right to assign the Digital Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
- b. Franchisee shall not, after termination of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Digital Media Accounts and/or Listings.
- c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts and/or Listings.
- d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Digital Media

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

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Digital Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Accounts and Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Digital Media Accounts and Listings to Franchisor hereunder.

5. This Assignment applies to all Social Media Accounts and Listings regardless of whether Franchisee is allowed to manage under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.

6. Franchisor hereby appoints Franchisee as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.

7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

8. This Assignment is governed, construed and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions.

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

IN WITNESS WHEREOF, the parties have respectively signed this Agreement effective as of the Effective Date written below.

Dated effective as of \_\_\_\_\_.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

PRO IMAGE FRANCHISE, L.C.

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT "A-10"**  
**TO THE FRANCHISE AGREEMENT**

**FRANCHISEE REPORT**

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

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

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

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

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**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT “A-11”  
TO THE FRANCHISE AGREEMENT  
STATE SPECIFIC ADDENDA**

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF CALIFORNIA**

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

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

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

10. Franchisees owning 5% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

11. Late Fees in Exhibit "A-3" is amended to include the following: "The highest interest rate allowed in California is 10% annually."

12. Paragraph 4.1 is amended to remove the following language, "Although We must approve of Your site, We do not warrant or guarantee the success of the site."

13. Paragraph 20.10 is amended to remove the following language, "You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us."

14. Paragraphs 20.14 and 20.18 are not enforceable in the state of California.

15. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.



## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

### **CONSTRUCTION AND JURISDICTION**

Sections 19.1 and 19.2 are hereby amended in part to provide: This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Illinois without regard to its laws relating to conflicts of laws or choice of laws. Notwithstanding the foregoing the Federal Arbitration Act and the United States Trademark Act shall apply to this Agreement and the relationship of the Parties. Any provision in this Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action enforceable in the state of Illinois and all litigation will commence in Illinois courts; provided that the Agreement may provide for arbitration in a forum outside of the State of Illinois. If the governing law requires terms other than or in addition to those in this Agreement, then such terms shall be deemed incorporated herein, but only if necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. If permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect. If any provisions of this Agreement are, or shall come in conflict with any applicable law, then the applicable law shall govern, and such provisions shall be automatically deleted and shall not be effective if they are not in accordance with applicable law and the remaining terms and conditions of this Agreement shall remain in full force and effect. All words in this Agreement shall be deemed to include any number or gender as the context or sense of this Agreement requires.

Section 19.2 is hereby amended in part to provide: Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of Illinois law is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement as of \_\_\_\_\_.

FRANCHISOR:  
**PRO IMAGE FRANCHISE, L.C.**

FRANCHISEE:  
\_\_\_\_\_ (LLC/INC.)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF INDIANA

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”) between **Pro Image Franchise, L.C.** (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. **Certain Provisions Deleted.** Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the Franchisor or sources designated by the Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the Franchisor. However, the publication by the Franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the Franchisor does not constitute designation of a source nor does a reasonable right of the Franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the Franchisor.

(2) Allowing the Franchisor to establish a Franchisor-owned outlet engaged in a substantially identical business to that of the Franchisee within the exclusive territory granted the Franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the Franchisor to compete unfairly with the Franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the Franchisor without the consent in writing of the Franchisee.

(4) Allowing the Franchisor to obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the Franchisee.

(5) Requiring the Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the Franchisee and the Franchisor to be referred to any person, if referral would be binding on the Franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the Franchisor which the Franchisee had ordered for private retail consumers prior to the Franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the Franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the Franchisee meets certain conditions specified in the agreement.

(9) Requiring a Franchisee to covenant not to compete with the Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the Franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the Franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the Franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

**PRO IMAGE FRANCHISE, L.C.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND

This Addendum dated \_\_\_\_\_, by and between Pro Image Franchise, L.C., a \_\_\_\_\_ limited liability company/corporation, hereinafter referred to as “Franchisor” and \_\_\_\_\_, LLC/Inc., hereinafter referred to as “Franchisee.”

1. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
3. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Section 20.14 of the franchise agreement regarding representations and Section 20.18 of the franchise agreement regarding acknowledgement of receipt of the FDD are not applicable to franchisees in Maryland.
8. Except as expressly amended or modified herein, all terms, provisions and conditions of the original Franchise Agreement shall remain in full force and effect. In the event of a conflict or inconsistency between the provisions of this Addendum and any provisions of the original Franchise Agreement, the provisions hereof shall in all respects govern and control.

*[Remainder of page intentionally left blank; signatures follow on next page]*

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be effective as of the date listed above with the full authority of the Company principal they represent.

**FRANCHISOR:**

**FRANCHISEE:**

**PRO IMAGE FRANCHISE, L.C.**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

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

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

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.

5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.

7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.

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

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Franchisee (Signature)



## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA**

This Addendum to the Franchise Agreement is agreed to this \_\_\_\_\_, between Pro Image Franchise, L.C. and \_\_\_\_\_, to amend and revise said Franchise Agreement as follows:

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 et seq. Such provisions in the Agreement are hereby amended as follows:

- No general release shall be required as a condition of renewal and/ or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law.
- In case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorney's fees.
- The statute of limitations under North Dakota Law will apply.
- Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- A provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
- In the event of a conflict of laws, North Dakota Law will control.
- Franchise may not assent to a waiver of exemplary or punitive damages.
- Franchisee may not assent to a waiver of jury trial, waiver of rights to exemplary or punitive damages, or waiving his rights to any procedure, forum, or remedies provided for by the laws of North Dakota, or consenting to liquidated damages, termination penalties or judgment notes.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

PRO IMAGE FRANCHISE, L.C.:

By: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF VIRGINIA**

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF WISCONSIN**

The following shall apply to Franchise Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
- b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act’s requirements.

**EXHIBIT “B”  
TO THE FDD**

**FINANCIAL STATEMENTS DATED:  
(Attached)**

December 31, 2024  
December 31, 2023  
December 31, 2022



Pro Image Franchise, L.C.

Audited Financial Statements  
December 31, 2024 and 2023



# Pro Image Franchise, L.C.

## Table of Contents

---

	Page
Independent Auditors' Report .....	2
Financial Statements	
Balance Sheets .....	4
Statements of Income and Members' Equity .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	9
Supplementary Information	
Schedule of General and Administrative Expenses .....	16





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## **Independent Auditors' Report**

To the Members of  
Pro Image Franchise, L.C.  
Centerville, Utah

### ***Opinion***

We have audited the financial statements of Pro Image Franchise, L.C., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pro Image Franchise, L.C. as of December 31, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pro Image Franchise, L.C. 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.

### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pro Image Franchise, L.C.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

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

In performing an audit in accordance with GAAS, we:

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedule of General and Administrative Expenses (Schedule 1) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*A+P CPAs*

Clearfield, Utah  
March 13, 2025

# Pro Image Franchise, L.C.

## Balance Sheets December 31, 2024 and 2023

	ASSETS	
	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,575,255	\$ 2,445,708
Receivables:		
Trade receivables, net	22,443	58,443
Royalty receivables	972,193	1,027,820
Net receivables	994,636	1,086,263
Inventories	154,808	129,573
Other current assets	14,963	-
<b>TOTAL CURRENT ASSETS</b>	<b>2,739,662</b>	<b>3,661,544</b>
<b>NONCURRENT ASSETS</b>		
Property and equipment, net	10,131	12,095
Right of use asset	588,235	157,055
Intangible assets	258,549	258,549
<b>TOTAL NONCURRENT ASSETS</b>	<b>856,915</b>	<b>427,699</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,596,577</b>	<b>\$ 4,089,243</b>

**Pro Image Franchise, L.C.**

**Balance Sheets, Continued  
December 31, 2024 and 2023**

	<b>LIABILITIES AND MEMBERS' EQUITY</b>	
	<b>2024</b>	<b>2023</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 91,100	\$ 457,368
Accrued expenses	157,261	162,916
Current portion, operating lease	103,668	96,009
Deferred revenue	55,000	110,500
Other current liabilities	138	704
TOTAL CURRENT LIABILITIES	407,167	827,497
<b>NONCURRENT LIABILITIES</b>		
Operating lease, less current portion	484,567	61,046
TOTAL NONCURRENT LIABILITIES	484,567	61,046
<b>TOTAL LIABILITIES</b>	891,734	888,543
<b>MEMBERS' EQUITY</b>	2,704,843	3,200,700
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 3,596,577	\$ 4,089,243

**Pro Image Franchise, L.C.**

**Statements of Income and Members' Equity  
Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>INCOME</b>		
Merchandise sales	\$ 375,029	\$ 632,994
Online sales - franchisee	1,908,601	2,651,157
Royalty revenue	3,788,298	4,145,694
Franchise fees	85,500	238,250
	<u>6,157,428</u>	<u>7,668,095</u>
<b>COST OF REVENUES</b>		
Cost of merchandise sales	149,824	276,365
Cost of online merchandise sales - franchisee	1,908,601	2,651,157
	<u>2,058,425</u>	<u>2,927,522</u>
<b>GROSS PROFIT</b>	4,099,003	4,740,573
<b>OPERATING EXPENSES</b>		
General and administrative <i>(Schedule 1)</i>	3,067,449	3,019,590
Depreciation	1,964	2,501
<b>TOTAL OPERATING EXPENSES</b>	<u>3,069,413</u>	<u>3,022,091</u>
<b>NET OPERATING INCOME</b>	1,029,590	1,718,482
<b>OTHER INCOME AND EXPENSES</b>		
Interest income	73,118	65,412
Employee retention credit	-	76,437
Other income	513	28,457
<b>TOTAL OTHER INCOME AND EXPENSES (NET)</b>	<u>73,631</u>	<u>170,306</u>
<b>NET INCOME</b>	\$ 1,103,221	\$ 1,888,788
<b>MEMBERS' EQUITY</b>		
Balance - beginning of year	3,200,700	2,775,339
Member distributions	<u>(1,599,078)</u>	<u>(1,463,427)</u>
Balance - end of year	<u>\$ 2,704,843</u>	<u>\$ 3,200,700</u>

# Pro Image Franchise, L.C.

## Statements of Cash Flows Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,103,221	\$ 1,888,788
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	1,964	2,501
Loss from investments	-	680
Changes in operating assets and liabilities:		
Accounts receivable	36,000	(35,590)
Royalty receivable	55,627	15,226
Inventory	(25,235)	102,287
Other current assets	(14,963)	287
Accounts payable	(366,268)	26,011
Accrued expenses	(5,655)	(366,533)
Unearned income	(55,500)	(23,250)
Other current liabilities	(566)	704.00
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	728,625	1,611,111
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distributions	(1,599,078)	(1,463,427)
<b>CASH USED FOR FINANCING ACTIVITIES</b>	(1,599,078)	(1,463,427)
<b>NET DECREASE IN CASH</b>	(870,453)	147,684
<b>CASH AT BEGINNING OF YEAR</b>	2,445,708	2,298,024
<b>CASH AT END OF YEAR</b>	<u>\$ 1,575,255</u>	<u>\$ 2,445,708</u>

### NONCASH INVESTING AND FINANCING ACTIVITIES:

During the years ended December 31, 2024 and 2023, the Company had no noncash investing or financing activities.

# Notes to Financial Statements

## **Pro Image Franchise, L.C.**

### **Notes to Financial Statements December 31, 2024 and 2023**

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#### **Note 1. Nature of Operations**

The Company was organized as a limited liability company under the laws of the State of Utah on December 6, 1996. The Company is a franchisor of retail clothing and sports apparel stores.

#### **Note 2. Summary of Significant Accounting Policies**

The Company's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP). The following policies are considered to be significant.

##### **Cash and Cash Equivalents**

Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months.

##### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements; assets, liabilities, and earnings from franchise sales involve extensive reliance on management's estimates. Actual results could differ from those estimates.

##### **Concentration of Credit Risk**

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits and royalty receivables.

The Company maintains its cash deposits at financial institutions. At times such deposits may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Concentrations of credit risk with respect to royalty receivables are limited because the Company routinely assesses the financial strength of its franchisees and follows the practice of aggressively pursuing collection efforts in order to ensure payment.

##### **Trade Accounts Receivable and Royalty Receivable**

Trade accounts receivables and royalty receivables are recorded at the net invoice value and are not interest-bearing. An allowance for credit losses on trade receivables is recorded based on the expectation of credit losses and is based upon historical bad debt experience, current economic conditions, expectations of future economic conditions and management's evaluation of the ability to collect individual outstanding balances. Once collection efforts have been exhausted and a receivable is deemed to be uncollectible, such balance is charged against the allowance for credit losses.



## Pro Image Franchise, L.C.

### Notes to Financial Statements, Continued December 31, 2024 and 2023

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#### Note 2. Summary of Significant Accounting Policies, Continued

##### Property and Equipment

Equipment is carried at cost net of accumulated depreciation. Depreciation expense is computed principally on the straight-line method in amounts sufficient to write off the cost of depreciable assets over their estimated useful lives.

	Years
Computer equipment	5-10
Furniture and equipment	7-10
Leasehold improvements	10
Office equipment	5

Normal maintenance and repair items are charged to costs and expenses as incurred. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in net income in the period of disposition.

##### Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09 Revenue from Contracts with Customers (Topic 606).

Merchandise sales are recorded when products are shipped to franchisees.

The Company is entitled by contract to a royalty as a percentage of gross sales generated by franchise retail stores. The Company recognizes royalty fee revenues in the period sales are made by the franchise retail stores.

Conventional franchise arrangements generally include a license, supplies/products, and operations systems access, and provide for a payment of initial fees, as well as upfront and ongoing consulting for opening, training and operations assistance. The Company has determined multiple performance obligations and has allocated the transaction price based on estimated value of each obligation. Revenue is then recognized over time as each obligation is met.

##### Income Taxes

The Company was organized as a limited liability company with the State of Utah and has registered with the Internal Revenue Service as a partnership. In lieu of taxes, the members of the Company are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10. The Company recognized an increase in the liability for unrecognized tax benefits. The company has no tax position at December 31, 2024 and 2023 for which the ultimate deductibility is highly uncertain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses. No such interest or penalties were recognized during the periods presented.

The Company files income tax returns in the U.S. federal jurisdiction, Utah, and various other states. With few exceptions, the Company is no longer subject to U.S. federal or state and local tax examinations by tax authorities for years before 2020. None of the Company’s tax filings are currently under examination.

**Notes to Financial Statements, Continued**  
**December 31, 2024 and 2023**

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**Note 2. Summary of Significant Accounting Policies, Continued**

**Sales and Use Tax**

The Company is domiciled in the State of Utah and is required to collect sales tax on any in-state deliveries to nonexempt customers. During the years ended December 31, 2024 and 2023, the Company collected and remitted sales tax to the State of Utah of less than \$500 respectively.

**Inventories and Supplies**

Inventories are carried at the lower of current market value or cost. Cost is determined using the specific identity method for large items and first-in, first-out (FIFO) method for small items. Market value represents the net realizable value after deducting costs of disposition and a normal profit margin.

**Advertising and Promotion**

Advertising costs are expensed as incurred, which was \$93,345 and \$71,358 for the years ended December 31, 2024 and 2023, respectively.

**Shipping and Handling Costs**

The Company classifies freight billed to customers and the related freight costs as cost of sales.

**Leases**

The Company determines if an arrangement is a lease at inception, and leases are classified at commencement as either operating or finance leases. As of December 31, 2024 and 2023, the Company had no finance leases. Right-of-use ("ROU") assets and lease liabilities are recognized at commencement based on the present value of the minimum lease payments over the lease term. Leases with a one-year term or less are not recognized on the balance sheet. Additionally, the Company has elected to combine non-lease components with lease components for the purposes of calculating ROU assets and liabilities, to the extent they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease costs. The Company uses the risk-free rate based on information available at the commencement date in determining the present value of future lease payments.

Topic 842 requires that operating leases recognize expense on a straight-line basis over the lease term. The lease term begins on the date the Company has the right to use the lease property. Lease terms may include options to extend or terminate the lease. These options are included in the ROU asset and lease liability when it is reasonably certain that the option will be exercised. The Company leases a facility requiring month-to-month payments, which are expensed as rent and are not included in the ROU asset and lease liabilities.

**Subsequent Events**

The Company has evaluated subsequent events through March 13, 2025, the date which the financial statements were available to be issued.

## Pro Image Franchise, L.C.

### Notes to Financial Statements, Continued December 31, 2024 and 2023

#### Note 3. Property and Equipment

Property and equipment consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Computer equipment	\$ 185,279	\$ 185,279
Furniture and fixtures	43,288	43,288
Leasehold improvements	3,773	3,773
Office equipment	<u>12,827</u>	<u>12,827</u>
	245,167	245,167
Less accumulated depreciation	<u>(235,036)</u>	<u>(233,072)</u>
Property and equipment, net	<u><u>\$ 10,131</u></u>	<u><u>\$ 12,095</u></u>

Depreciation expense was \$1,964 and \$2,501 for the years ended December 31, 2024 and 2023, respectively.

#### Note 4. Inventory

Inventory at December 31, 2024 and 2023 consist of store supply products, such as uniforms and bags, the Company provides to franchisees that they would otherwise have a difficult time obtaining. Such products are sold mainly as a benefit to the franchisees and accordingly Company's mark-up on sales is minimal and only intended to cover its costs.

#### Note 5. Intangibles

Intangibles at December 31, 2024 and 2023 are detailed in the following summary:

	<u>2024</u>	<u>2023</u>
Goodwill	\$ 896,515	\$ 896,515
Less accumulated amortization	<u>(637,966)</u>	<u>(637,966)</u>
Net book value	<u><u>\$ 258,549</u></u>	<u><u>\$ 258,549</u></u>

As of January 1, 2012, the Company suspended amortization of goodwill in accordance with generally accepted accounting principles. Consequently, the Company has adopted the policy to evaluate goodwill for possible impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. For the years ended December 31, 2024 and 2023, there has been no impairment on the Company's goodwill.

## Pro Image Franchise, L.C.

### Notes to Financial Statements, Continued December 31, 2024 and 2023

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#### Note 6. Accrued Expenses

Accrued expenses consist of profit sharing, match contributions, and sales tax payable amounts. Accrued expenses at December 31, 2024 and 2023 were \$157,261 and \$162,916, respectively.

#### Note 7. Retirement Plan

The Company has a safe harbor, defined contribution 401(k) plan for all employees age 18 years and older. Additionally, the Company has a discretionary profit-sharing plan for all employees age 18 years and older. The Company's contributions for the years ended December 31, 2024 and 2023 were \$52,455 and \$62,893, respectively.

#### Note 8. Employee Retention Credit

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be filled. During 2023, the Company received Employee Retention Credits (ERC) funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$76,437.

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. The grant income is recorded in other income as of December 31, 2023.

#### Note 9. Operating Lease

The Company currently leases its office facilities on a three-year lease. The lease expires in March 2028. The Company also leases its warehouse facilities on a five-year lease. The lease expires in July 2027. Lease payments for the years ended December 31, 2024 and 2023 were \$115,864 and \$99,371, respectively.

As of December 31, 2024 and 2023, the lease components on the balance sheets are as follows:

	<u>2024</u>	<u>2023</u>
Right of use asset	<u>\$ 588,235</u>	<u>\$ 157,055</u>
Operating lease liability, current portion	\$ 103,668	\$ 96,009
Operating lease liability, non current	<u>484,567</u>	<u>61,046</u>
Total operating lease liability	<u>\$ 588,235</u>	<u>\$ 157,055</u>

**Pro Image, L.C.**

**Notes to Financial Statements, Continued**  
**December 31, 2024 and 2023**

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**Note 9. Operating Lease, Continued**

Future minimum lease payments required are as follows:

Years ending December 31,	
2025	\$ 114,145
2026	117,421
2027	106,190
2028	84,623
2029	92,316
Thereafter	<u>107,702</u>
	622,397
Less imputed interest	<u>(34,162)</u>
	<u><u>\$ 588,235</u></u>

## Supplementary Information

## Pro Image Franchise, L.C.

**Schedule of General and Administrative Expenses**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Advertising and promotion	\$ 93,345	\$ 71,358
Bank charges	64,366	76,720
Charitable contributions	21,103	40,000
Computer	30,678	31,802
Convention	175,143	138,393
Dues and subscriptions	7,248	2,778
E-Commerce expense	188,826	130,579
Employee benefits	152,455	162,893
Insurance	109,711	101,934
Meals and entertainment	35,010	44,869
Miscellaneous	7,569	22,674
Office expenses	23,435	15,667
Payroll taxes	101,323	91,186
Postage	3,100	4,037
Printing	9,455	30,613
Professional fees	214,802	72,745
Rent	115,864	99,371
Repairs and maintenance	13,827	2,844
Research and development	19,300	21,824
Salaries	1,523,066	1,686,470
Taxes and licenses	3,606	5,076
Telephone	26,724	23,650
Travel	122,215	135,954
Utilities	5,278	6,153
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>\$ 3,067,449</b>	<b>\$ 3,019,590</b>



Pro Image Franchise, L.C.

Audited Financial Statements  
December 31, 2023 and 2022





# Pro Image Franchise, L.C.

## Table of Contents

---

	Page
Independent Auditors' Report .....	2
Financial Statements	
Balance Sheets .....	4
Statements of Income and Members' Equity .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	9
Supplementary Information	
Schedule of General and Administrative Expenses .....	15

**Independent Auditors' Report**

To the Members of  
Pro Image Franchise, L.C.  
Centerville, Utah

***Opinion***

We have audited the financial statements of Pro Image Franchise, L.C., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pro Image Franchise, L.C. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pro Image Franchise, L.C. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pro Image Franchise, L.C.'s ability to continue as a going concern for one year after the date that the financial statements are issued

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

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

In performing an audit in accordance with GAAS, we:

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Adams & Peterson, CPAs LLC*

Clearfield, Utah  
March 5, 2024

# Pro Image Franchise, L.C.

## Balance Sheets December 31, 2023 and 2022

	ASSETS	
	2023	2022
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,445,708	\$ 2,298,024
Investments	-	680
Receivables:		
Trade receivables, net	58,443	22,853
Royalty receivables	1,027,820	1,043,046
Net receivables	1,086,263	1,065,899
Inventories	129,573	231,860
Other current assets	-	287
<b>TOTAL CURRENT ASSETS</b>	<b>3,661,544</b>	<b>3,596,750</b>
<b>NONCURRENT ASSETS</b>		
Property and equipment, net	12,095	14,596
Right of use asset	157,055	177,123
Intangible assets	258,549	258,549
<b>TOTAL NONCURRENT ASSETS</b>	<b>427,699</b>	<b>450,268</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,089,243</b>	<b>\$ 4,047,018</b>

**Pro Image Franchise, L.C.**

**Balance Sheets, Continued  
December 31, 2023 and 2022**

<b>LIABILITIES AND MEMBERS' EQUITY</b>			<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$	457,368	\$	431,357
Accrued expenses		162,916		529,449
Current portion, operating lease		96,009		79,345
Deferred revenue		110,500		133,750
Other current liabilities		704		-
TOTAL CURRENT LIABILITIES		827,497		1,173,901
<b>NONCURRENT LIABILITIES</b>				
Operating lease, less current portion		61,046		97,778
TOTAL NONCURRENT LIABILITIES		61,046		97,778
<b>TOTAL LIABILITIES</b>		888,543		1,271,679
<b>MEMBERS' EQUITY</b>		3,200,700		2,775,339
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$	4,089,243	\$	4,047,018

**Pro Image Franchise, L.C.**

**Statements of Income and Members' Equity  
Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>INCOME</b>		
Merchandise sales	\$ 632,994	\$ 397,917
Online sales - franchisee	2,651,157	1,571,766
Royalty revenue	4,145,694	3,966,280
Franchise fees	238,250	285,750
	<u>7,668,095</u>	<u>6,221,713</u>
<b>COST OF REVENUES</b>		
Cost of merchandise sales	276,365	185,049
Cost of online merchandise sales - franchisee	2,651,157	1,571,766
	<u>2,927,522</u>	<u>1,756,815</u>
<b>GROSS PROFIT</b>	4,740,573	4,464,898
<b>OPERATING EXPENSES</b>		
General and administrative <i>(Schedule 1)</i>	3,019,590	2,778,516
Depreciation	2,501	2,652
	<u>3,022,091</u>	<u>2,781,168</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,022,091</u>	<u>2,781,168</u>
<b>NET OPERATING INCOME</b>	1,718,482	1,683,730
<b>OTHER INCOME AND EXPENSES</b>		
Interest income	65,412	676
Investment loss	-	(5,228)
Employee retention credit	76,437	-
Other income	28,457	-
	<u>170,306</u>	<u>(4,552)</u>
<b>TOTAL OTHER INCOME AND EXPENSES (NET)</b>	<u>170,306</u>	<u>(4,552)</u>
<b>NET INCOME</b>	\$ 1,888,788	\$ 1,679,178
<b>MEMBERS' EQUITY</b>		
Balance - beginning of year	2,775,339	2,651,037
Member distributions	(1,463,427)	(1,554,876)
	<u>1,311,912</u>	<u>1,096,161</u>
Balance - end of year	<u>\$ 3,200,700</u>	<u>\$ 2,775,339</u>

# Pro Image Franchise, L.C.

## Statements of Cash Flows Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,888,788	\$ 1,679,178
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,501	2,652
Loss from investments	680	5,228
Changes in operating assets and liabilities:		
Accounts receivable	(35,590)	(2,525)
Royalty receivable	15,226	(214,320)
Inventory	102,287	(185,363)
Other current assets	287	4,642
Accounts payable	26,011	237,777
Accrued expenses	(366,533)	75,984
Unearned income	(23,250)	(38,250)
Other current liabilities	704	-
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,611,111</u>	<u>1,565,003</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchase of fixed assets	<u>-</u>	<u>(6,678)</u>
<b>CASH USED FOR INVESTING ACTIVITIES</b>	-	(6,678)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distributions	<u>(1,463,427)</u>	<u>(1,554,876)</u>
<b>CASH USED FOR FINANCING ACTIVITIES</b>	<u>(1,463,427)</u>	<u>(1,554,876)</u>
<b>NET INCREASE IN CASH</b>	147,684	3,449
<b>CASH AT BEGINNING OF YEAR</b>	<u>2,298,024</u>	<u>2,294,575</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 2,445,708</u></u>	<u><u>\$ 2,298,024</u></u>

### Non-Cash Investing and Financing Activities

During the years ending December 31, 2023 and 2022, the company did not have any non-cash investing and financing activities.

# Notes to Financial Statements



# **Pro Image Franchise, L.C.**

## **Notes to Financial Statements December 31, 2023 and 2022**

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### **Note 1. Nature of Operations**

The Company was organized as a limited liability company under the laws of the State of Utah on December 6, 1996. The Company is a franchisor of retail clothing and sports apparel stores.

### **Note 2. Summary of Significant Accounting Policies**

The Company's accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP). The following policies are considered to be significant:

#### **Cash and Cash Equivalents**

Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months.

#### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements; assets, liabilities, and earnings from franchise sales involve extensive reliance on management's estimates. Actual results could differ from those estimates.

#### **Concentrations of Credit Risk**

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits and royalty receivables.

The Company maintains its cash deposits at financial institutions. At times such deposits may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Concentrations of credit risk with respect to royalty receivables are limited because the Company routinely assesses the financial strength of its franchisees and follows the practice of aggressively pursuing collection efforts in order to ensure payment.

#### **Adoption of New Accounting Pronouncement**

In June 2016, the FASB issued ASU 2016-13 and Topic 326, Financial Instruments-Credit Losses. The update requires measurement and recognition of expected credit losses for financial assets held at amortized cost, including accounts receivable. The Company adopted the accounting requirements of the standard on January 1, 2023, using a modified retrospective approach. The adoption of this standard did not have a material impact on the financial statements.

#### **Trade Accounts Receivable and Royalty Receivable**

Trade accounts receivables and royalty receivables are recorded at the net invoice value and are not interest-bearing. An allowance for credit losses on trade receivables is recorded based on the expectation of credit losses and is based upon historical bad debt experience, current economic conditions, expectations of future economic conditions and management's evaluation of the ability to collect individual outstanding balances. Once collection efforts have been exhausted and a receivable is deemed to be uncollectible, such balance is charged against the allowance for credit losses.

# Pro Image Franchise, L.C.

## Notes to Financial Statements December 31, 2023 and 2022

### Note 2. Summary of Significant Accounting Policies, Continued

#### Property and Equipment

Equipment is carried at cost net of accumulated depreciation. Depreciation expense is computed principally on the straight-line method in amounts sufficient to write off the cost of depreciable assets over their estimated useful lives.

	Years
Computer equipment	5-10
Furniture and equipment	7-10
Leasehold improvements	10
Office equipment	5

Normal maintenance and repair items are charged to costs and expenses as incurred. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in net income in the period of disposition.

#### Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09 Revenue from Contracts with Customers (Topic 606).

Merchandise sales are recorded when products are shipped to franchisees.

The Company is entitled by contract to a royalty as a percentage of gross sales generated by franchise retail stores. The Company recognizes royalty fee revenues in the period sales are made by the franchise retail stores.

Conventional franchise arrangements generally include a license, supplies/products, and operations systems access, and provide for a payment of initial fees, as well as upfront and ongoing consulting for opening, training and operations assistance. The Company has determined multiple performance obligations and has allocated the transaction price based on estimated value of each obligation. Revenue is then recognized over time as each obligation is met.

#### Income Taxes

The Company was organized as a limited liability company with the State of Utah and has registered with the Internal Revenue Service as a partnership. In lieu of taxes, the members of the Company are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10. The Company recognized an increase in the liability for unrecognized tax benefits. The company has no tax position at December 31, 2023 and 2022 for which the ultimate deductibility is highly uncertain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses. No such interest or penalties were recognized during the periods presented.

The Company files income tax returns in the U.S. federal jurisdiction, Utah, and various other states. With few exceptions, the Company is no longer subject to U.S. federal or state and local tax examinations by tax authorities for years before 2020. None of the Company’s tax filings are currently under examination.

**Notes to Financial Statements  
December 31, 2023 and 2022**

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**Note 2. Summary of Significant Accounting Policies, Continued**

**Sales and Use Tax**

The Company is domiciled in the State of Utah and is required to collect sales tax on any in-state deliveries to nonexempt customers. During the years ended December 31, 2023 and 2022, the Company collected and remitted sales tax to the State of Utah of less than \$500 respectively.

**Inventories and Supplies**

Inventories are carried at the lower of current market value or cost. Cost is determined using the specific identity method for large items and first-in, first-out (FIFO) method for small items. Market value represents the net realizable value after deducting costs of disposition and a normal profit margin.

**Advertising Costs**

Advertising costs are expensed as incurred, which was \$71,358 and \$107,807 for the years ended December 31, 2023 and 2022, respectively.

**Shipping and Handling Costs**

The Company classifies freight billed to customers and the related freight costs as cost of sales.

**Leases**

The Company determines if an arrangement is a lease at inception, and leases are classified at commencement as either operating or finance leases. As of December 31, 2023 and 2022, the Company had no finance leases. Right-of-use ("ROU") assets and lease liabilities are recognized at commencement based on the present value of the minimum lease payments over the lease term. Leases with a one-year term or less are not recognized on the balance sheet. Additionally, the Company has elected to combine non-lease components with lease components for the purposes of calculating ROU assets and liabilities, to the extent they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease costs. The Company uses the risk-free rate based on information available at the commencement date in determining the present value of future lease payments.

Topic 842 requires that operating leases recognize expense on a straight-line basis over the lease term. The lease term begins on the date the Company has the right to use the lease property. Lease terms may include options to extend or terminate the lease. These options are included in the ROU asset and lease liability when it is reasonably certain that the option will be exercised. The Company leases a facility requiring month-to-month payments, which are expensed as rent and are not included in the ROU asset and lease liabilities.

**Subsequent Events**

The Company has evaluated subsequent events through March 5, 2024, the date which the financial statements were available to be issued.

## Pro Image Franchise, L.C.

### Notes to Financial Statements December 31, 2023 and 2022

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#### Note 3. Inventory

Inventory at December 31, 2023 and 2022 consist of store supply products, such as uniforms and bags, the Company provides to franchisees that they would otherwise have a difficult time obtaining. Such products are sold mainly as a benefit to the franchisees and accordingly Company's mark-up on sales is minimal and only intended to cover its costs.

#### Note 4. Property and Equipment

Property and equipment consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 185,279	\$ 185,279
Furniture and fixtures	43,288	43,288
Leasehold improvements	3,773	3,773
Office equipment	<u>12,827</u>	<u>12,827</u>
	245,167	245,167
Less accumulated depreciation	<u>(233,072)</u>	<u>(230,571)</u>
Property and equipment, net	<u>\$ 12,095</u>	<u>\$ 14,596</u>

Depreciation expense was \$2,501 and \$2,652 for the years ended December 31, 2023 and 2022, respectively.

#### Note 5. Intangibles

Intangibles at December 31, 2023 and 2022 are detailed in the following summary:

	<u>2023</u>	<u>2022</u>
Goodwill	\$ 896,515	\$ 896,515
Less accumulated amortization	<u>(637,966)</u>	<u>(637,966)</u>
Net book value	<u>\$ 258,549</u>	<u>\$ 258,549</u>

As of January 1, 2012, the Company suspended amortization of goodwill in accordance with generally accepted accounting principles. Consequently, the Company has adopted the policy to evaluate goodwill for possible impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. For the years ended December 31, 2023 and 2022, there has been no impairment on the Company's goodwill.

## Pro Image Franchise, L.C.

### Notes to Financial Statements December 31, 2023 and 2022

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#### Note 6. Accrued Expenses

Accrued expenses consist of payroll, bonus and sales tax payable amounts. Accrued expenses at December 31, 2023 and 2022 were \$162,916 and \$529,449, respectively.

#### Note 7. Retirement Plan

The Company has a safe harbor, defined contribution 401(k) plan for all employees age 18 years and older. Additionally, the Company has a discretionary profit-sharing plan for all employees age 18 years and older. The Company's contributions for the years ended December 31, 2023 and 2022 were \$62,893 and \$51,198, respectively.

#### Note 8. Employee Retention Credit

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be filled. During 2023, the Company received Employee Retention Credits (ERC) funding from the CARES Act in the amount of \$76,437.

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. The grant income is recorded in other income as of December 31, 2023.

#### Note 9. Operating Lease

The Company currently leases its office facilities on a three-year lease. The lease expires in March 2025. The Company also leases its warehouse facilities on a five-year lease. The lease expires in March 2028. Lease payments for the years ended December 31, 2023 and 2022 were \$99,371 and \$88,752, respectively.

As of December 31, 2023 and 2022, the lease components on the balance sheets are as follows:

	<u>2023</u>	<u>2022</u>
Right of use asset	<u>\$ 157,055</u>	<u>\$ 177,123</u>
Operating lease liability, current portion	\$ 96,009	\$ 79,345
Operating lease liability, non current	<u>61,046</u>	<u>97,778</u>
Total operating lease liability	<u>\$ 157,055</u>	<u>\$ 177,123</u>

# Pro Image Franchise, L.C.

## Notes to Financial Statements December 31, 2023 and 2022

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### Note 9. Operating Lease, Continued

Future minimum lease payments required are as follows:

Years ending December 31,	
2024	\$ 99,336
2025	29,082
2026	15,308
2027	15,768
2028	3,971
Thereafter	<u>-</u>
	163,465
Less imputed interest	<u>(6,410)</u>
	<u>\$ 157,055</u>

## Pro Image Franchise, L.C.

**General and Administrative Expenses**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Advertising and promotion	\$ 71,358	\$ 107,807
Bank charges	76,720	49,870
Charitable contributions	40,000	47,752
Computer	31,802	19,268
Convention	138,393	122,279
Dues and subscriptions	2,778	4,797
E-Commerce expense	130,579	60,385
Employee benefits	162,893	168,708
Insurance	101,934	115,641
Meals and entertainment	44,869	43,974
Miscellaneous	22,674	9,617
Office expenses	15,667	31,996
Payroll taxes	91,186	99,367
Postage and freight	4,037	1,921
Printing	30,613	6,198
Professional fees	72,745	51,248
Rent	99,371	88,752
Repairs and maintenance	2,844	1,142
Research and development	21,824	6,887
Salaries	1,686,470	1,596,877
Taxes and licenses	5,076	9,476
Telephone	23,650	25,069
Travel	135,954	103,723
Utilities	6,153	5,762
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ 3,019,590</u>	<u>\$ 2,778,516</u>

**EXHIBIT “C”  
TO THE FDD**

**SCHEDULE OF FRANCHISEES  
FRANCHISE OUTLETS OPEN AS OF DECEMBER 31, 2024**

	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
<b>Alabama</b>							
1	Walshanater Sports, Inc	Wiregrass Commons	698	900 Commons Dr., #303	Dothan	AL	334-661-4051
2	TByrd, Inc.	Tanger Outlet Center Foley	600	2601 S. McKenzie St., Space #118	Foley	AL	251-943-2655
3	Same Team Sports, LLC	Shoppes at Bel Air	702	3201 Airport Blvd., #A006	Mobile	AL	251-384-3040
<b>Alaska</b>							
4	Sports Fan TBK, LLC	Dimond Center	655	800 E. Dimond Blvd. #124	Anchorage	AK	907-375-2010
<b>California</b>							
5	Rivas Sports, Inc	Santa Anita Fashion Park	323	400 S. Baldwin Ave. Suite #459U	Arcadia	CA	626-445-6635
6	Blackwood Family Enterprises	Gran Plaza Outlets	713	888 W. 2nd St., #F-260	Calexico	CA	442-252-7341
7	Felix 5 Sports, LLC	Camarillo Premium Outlets	679	740 Ventura Blvd., #0928	Camarillo	CA	805-465-0180
8	J&J Pro Enterprises, LLC	Westfield Topanga Mall	620	6600 CA-27, Unit 2044	Canoga Park	CA	818-963-8810
9	Rivas Sports, Inc	Los Cerritos Center	693	239 Los Cerritos Center #F-12	Cerritos	CA	562-379-3700
10	Pro Image V2 Sports Apparel, LLC	Westfield Culver City	613	6000 Sepulveda Boulevard, Suite #B12	Culver City	CA	310-313-4624
11	Rivas Sports, Inc	Stonewood	389	141 Stonewood Street	Downey	CA	562-869-2868
12	Rivas Sports, Inc	Stonewood #2	389	141 Stonewood Street #P09	Downey	CA	562-869-5389
13	Blackwood Family Enterprises	Parkway Plaza	652	415 Parkway Plaza	El Cajon	CA	619-499-5493
14	Discount Zone, LLC	North County Fair	716	272 E Via Rancho Pkwy, #TBD	Escondido	CA	442-257-2215
15	Four Bears, Inc.	River Park Shopping Center	659	71 E Via La Plata, #15	Fresno	CA	559-705-6231
16	Rivas Sports, Inc	Glendale Galleria	390	2146 Glendale Galleria	Glendale	CA	818-502-6501
17	Rivas Sports, Inc	Lakewood	388	16 Lakewood Center Mall	Lakewood	CA	562-531-4920
18	Pro Image V2 Sports Apparel, LLC	Baldwin Hills Crenshaw Plaza	513	3650 West Martin Luther King Blvd., Suite #164	Los Angeles	CA	323-295-4624
19	GOAT Athletics, LLC	Great Mall	720	447 Great Mall Dr., #309	Milpitas	CA	408-666-2308



	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
20	Rivas Sports, Inc	Montclair Plaza	367	2154 Montclair Plaza Lane	Montclair	CA	909-626-7964
21	Rivas Sports, Inc	Montebello Town Center	572	2123 Montebello Town Center	Montebello	CA	323-888-2001
22	Blackwood Family Enterprises	Westfield Plaza Bonita	661	3030 Plaza Bonita Rd. #2280	National City	CA	619-773-6045
23	J&J Pro Enterprises, LLC	Northridge Fashion Center	645	9301 Tampa Ave, Space 198	Northridge	CA	818-739-0085
24	Rivas Sports, Inc	Ontario Mills	496	1 Mills Circle, Suite #525	Ontario	CA	909-481-7670
25	J&J Pro Enterprises, LLC	Antelope Valley Mall	657	1233 Rancho Vista Blvd., #405	Palmdale	CA	661-441-5155
26	J&J Pro Enterprises, LLC	Pismo Beach Outlets		333 Five Cities Dr, #124B	Pismo Beach	CA	
27	Pro Team Sports, LLC	Arden Fair Mall	525	1689 Arden Fair Way, #2154	Sacramento	CA	916-922-8107
28	Rukhsana Haq	Old Town Sacramento	707	1035 2nd Street	Sacramento	CA	916-443-0556
29	Rivas Sports, Inc	Inland Center	694	500 Inland Center Dr. #364	San Bernardino	CA	909-383-0543
30	GOAT Athletics, LLC	Weberstown	627	4950 Pacific Ave	Stockton	CA	209-954-9095
31	Diaz Apparel, LLC	Promenade Temecula	687	40820 Winchester Rd, #2120	Temecula	CA	651-365-0023
32	Rivas Sports, Inc	Del Amo Fashion Center	479	3525 W Carson St., #529	Torrance	CA	424-275-8203
33	L&R Sports, LLC	Valencia Town Center	651	24201 Valencia Blvd., #405	Valencia	CA	661-255-5579
34	Felix 5 Sports, LLC	Pacific View	55	3301-1036 East Main	Ventura	CA	805-650-8817
35	L&R Sports, LLC	The Mall of Victor Valley	697	14400 Bear Valley Rd., Ste #735	Victorville	CA	760-951-7496
<b>Colorado</b>							
36	7PL Enterprises, Inc	Town Center at Aurora	602	14200 E. Alameda Ave., #2048A	Aurora	CO	303-955-2713
37	7PL Enterprises, Inc	FlatIron Crossing	636	One West Flatiron Crossing Dr.	Broomfield	CO	720-808-5215
38	7PL Enterprises, Inc	Chapel Hills	689	1710 Briargate Blvd	Colorado Springs	CO	719-694-8745
39	7PL Enterprises, Inc	Mesa Mall	603	2424 US Hwy. 6, #500A	Grand Junction	CO	970-245-2989
40	7PL Enterprises, Inc	Greeley Mall	675	1961 Greeley Mall, #15	Greeley	CO	970-515-6798
41	7PL Enterprises, Inc	Colorado Mills	604	14500 W. Colfax Ave.	Lakewood	CO	720-277-2335
42	7PL Enterprises, Inc	Southwest Plaza	641	8501 W. Bowls Avenue	Littleton	CO	303-979-9015
43	7PL Enterprises, Inc.	Pueblo Mall	715	3429 Dillon Dr	Pueblo	CO	719-542-9001
<b>Florida</b>							

	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
44	Sports Fan TBK, LLC	Florida Mall	706	8001 S. Orange Blossom Trail, #102	Orlando	FL	321-247-5828
45	Sports Fan TBK, LLC	Florida Mall #2		8001 S. Orange Blossom Trail, #1184A	Orlando	FL	
46	Walshanater Sports, Inc.	Pier Park Mall	612	15600 Starfish Street, Suite #130	Panama City Beach	FL	850-230-3008
47	Tbyrd, Inc.	Vero Beach Outlets	709	1824 94 <sup>th</sup> Dr., #D-105	Vero Beach	FL	772-217-3172
<b>Georgia</b>							
48	LNAP Pro Image, LLC	Augusta Mall	638	3450 Wrightsboro Road, #1155	Augusta	GA	706-723-8793
<b>Idaho</b>							
49	Sports Fan <sup>1</sup>	Boise Towne Square	11	350 N. Milwaukee #2181	Boise	ID	208-323-1746
50	Sports Fan	Boise Towne Square	17	350 N. Milwaukee #2327	Boise	ID	208-658-8077
51	Sports Fan	Boise Towne Square #2		350 N. Milwaukee #2329	Boise	ID	
52	Popn Sports, LLC	Pine Ridge Mall	669	4155 Yellowstone Highway #1250	Chubbuck	ID	208-242-3194
53	RIKA, LLC	Grand Teton Mall	523	2300 East 17th. Street, Space #1236	Idaho Falls	ID	208-522-7500
54	Mike Robertson	Lewiston Center	212	1810 19th Avenue	Lewiston	ID	208-746-1238
55	Sports Fan	Village at Meridian	567	3525 E. Longwing Lane #130	Meridian	ID	208-895-7937
56	Sports Fan <sup>2</sup>		18	16451 N. Marketplace Blvd.	Nampa	ID	208-463-9139
57	RIKA, LLC	Magic Valley	615	1485 Pole Line Road East, Suite #129	Twin Falls	ID	208-733-9670
58	RIKA, LLC	Magic Valley #2		1485 Pole Line Road East, Suite #192	Twin Falls	ID	208-403-8627
<b>Illinois</b>							
59	Eagleweiss, Inc	St. Clair Square	642	159 St. Clair Square	Fairview Heights	IL	618-628-8550
60	Wiz Sports, LLC	Downtown Naperville	726	120 Water Street, Ste 118	Naperville	IL	
<b>Iowa</b>							
61	712 Sports, LLC	Southern Hills Mall	718	4400 Sergeant Road	Sioux City	IA	712-274-8590
<b>Kansas</b>							
62	Midwest Sports Marketing, Inc	Towne West Square	683	4600 W. Kellogg Drive	Wichita	KS	316-945-4830
63	Midwest Sports Marketing, Inc	Towne East Square	684	7770 E. Kellogg Drive	Wichita	KS	316-683-9068
<b>Kentucky</b>							
64	Eagleweiss, Inc	Kentucky Oaks Mall	727	5101 Hinkleville Rd, #475	Paducah	KY	
<b>Louisiana</b>							

	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
65	JEBII Holdings, LLC	Southland Mall	591	5953 W. Park Ave., Suite 1001	Houma	LA	985-262-0379
66	Crescent Moon, LLC		583	809 Decatur St.	New Orleans	LA	504-529-2974
<b>Maryland</b>							
67	Columbus Sports, LLC	Arundel Mills	704	7000 Arundel Mills Circle, #419	Hanover	MD	None
<b>Michigan</b>							
68	Popn Sports, LLC	Fairlane Town Center	559	18900 Michigan Avenue, Space #M119	Dearborn	MI	313-982-0447
69	Popn Sports, LLC	Oakland Mall	847	428 W 14 Mile Road	Troy	MI	248-951-8923
<b>Minnesota</b>							
70	JT Sports, Inc.	Mall of America	482	258 North Garden	Bloomington	MN	952-960-0783
<b>Missouri</b>							
71	Eagleweiss, Inc.	West Park Mall	524	3049 William Street, #237	Cape Girardeau	MO	573-332-0443
72	Eagleweiss, Inc.	West County Mall	836	80 West County Center, #2167	Des Peres	MO	636-279-1585
73	Eagleweiss, Inc.	St. Louis Galleria	686	1155 Galleria Pkwy., #2128	St. Louis	MO	314-798-6025
74	Eagleweiss, Inc.	Mid Rivers Mall	835	1600 Mid Rivers Mall Drive	St. Peters	MO	636-279-1585
<b>Montana</b>							
75	Sports Fan TBK, LLC	Rimrock Mall	719	300 S. 24th W. #C04	Billings	MT	406-656-1833
76	Sports Fan TBK, LLC	South Gate Mall	663	2901 Brooks St., #D-6	Missoula	MT	406-830-2088
<b>Nebraska</b>							
77	PSA Sports, LLC	Conestoga Mall	695	2250 N Weeb Rd., Ste 220	Grand Island	NE	308-384-7619
78	Cahoon Sports, Inc	Westroads Mall	474	10000 California St. #3144	Omaha	NE	402-391-0553
<b>New Jersey</b>							
79	Columbus Sports, LLC	Gloucester Premium Outlets	608	100 Premium Outlets Drive, #449	Blackwood	NJ	853-345-0370
80	Columbus Sports, LLC	Bridgewater Commons	682	400 Commons Way #3030	Bridgewater Township	NJ	908-589-7975
81	Columbus Sports, LLC	Cherry Hill Mall	834	2000 Route 38	Cherry Hill	NJ	856-281-1650
82	Columbus Sports, LLC	Deptford Mall	534	1750 Deptford Center Road, #1211	Deptford	NJ	856-345-2068
83	Columbus Sports, LLC	Freehold Raceway Mall		3710 U.S. 9	Freehold Township	NJ	732-595-1006
84	Columbus Sports, LLC		551	610 North Black Horse Pike	Runnemede	NJ	856-939-5151

	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
85	Columbus Sports, LLC	Woodbridge Center	618	463 Woodbridge Center Drive, #2290	Woodbridge	NJ	732-726-6494
<b>New Mexico</b>							
86	Elite Business Group, LLC	Amimas Valley Mall	592	4601 East Main St., #745	Farmington	NM	505-325-5088
87	ARC Sports, LLC	Mesilla Valley Mall	673	700 South Telshor Blvd., #1492	Las Cruces	NM	575-652-3250
<b>New York</b>							
88	Upstate Sports, Ltd.	Crossgates Mall	582	1 Crossgates Mall, #N102	Albany	NY	518-862-1452
89	Number21 Sports, LLC	Oakdale Mall	629	601-635 Harry L Drive, Space 1	Johnson City	NY	607-729-0464
90	Blue Ikon, LLC	Galleria at Crystal Run	630	1 North Galleria Drive, Ste B 114	Middletown	NY	845-692-9913
91	Blue Ikon, LLC	Poughkeepsie Galleria	639	2001 South Road #A205	Poughkeepsie	NY	845-297-9700
92	Number21 Sports, LLC	Destiny USA	851	9090 Destiny USA Dr., #F113	Syracuse	NY	315-474-4400
<b>North Carolina</b>							
93	M & M Sports, Inc		421	264B Union Square	Hickory	NC	828-322-3247
94	C&J Sports, Inc.	Carolina Premium Outlets	628	1025 Outlet Center Dr, Space #240	Smithfield	NC	919-205-1405
<b>Ohio</b>							
95	Winship, In.	Franklin Park Mall		5001 Monoroe Street #1860	Toledo	OH	567-315-8046
<b>Oklahoma</b>							
96	DMB Sports, LLC	Uptown Durant Center	1000	1205 North Washington Ave	Durant	OK	580-745-5069
<b>Oregon</b>							
97	TB Bartlett, Ent	Cascade Village Shopping Center	492	63455 N. Hwy 97, Suite 71	Bend	OR	541-749-4281
98	Sports Fan TBK, LLC	Valley River Center	691	293 Valley River Center, #G0028	Eugene	OR	541-520-1766
99	Sports Fan TBK, LLC	Clackamas Town Center	692	12000 SE 82 <sup>nd</sup> Ave., #J204	Happy Valley	OR	503-730-1555
100	Sports Fan TBK, LLC	Lincoln City Outlets	662	1500 SE Devils Lake Rd., #210	Lincoln City	OR	541-614-4096
101	TB Bartlett, Ent	Salem Center	535	401 Center Street NE, Suite 280	Salem	OR	503-967-6786
102	Sports Fan TBK, LLC	Woodburn Premium Outlets	701	1001 N. Arney Rd., #620	Woodburn	OR	503-982-3001
<b>Pennsylvania</b>							
103	Columbus Sports, LLC	Park City Center	712	A0840 Park City Center	Lancaster	PA	None
104	Columbus Sports, LLC	Philadelphia Premium Outlet	850	18 West Lightcap Rd., #1005	Limerick	PA	215-602-7077
105	Columbus Sports, LLC	Philadelphia Mills	646	1455 Franklin Mills Circle	Philadelphia	PA	215-634-9273

	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
106	Columbus Sports, LLC	Lehigh Valley Mall	839	250 Lehigh Valley Mall	Whitehall	PA	610-222-5501
<b>South Carolina</b>							
107	Avantika, Inc.	Columbia Place	635	7201 Two Notch Rd.	Columbia	SC	803-788-9600
108	Dobbins Enterprises, LLC	Magnolia Mall	484	2701 David McLeod Blvd. #1452	Florence	SC	843-664-1183
<b>South Dakota</b>							
109	CRC Candy, Inc.	Uptown Rapid	324	2200 N. Maple Ave., #248	Rapid City	SD	605-348-8511
110	CRC Candy, LLC	Empire Mall	688	4001 West 41st. Street	Sioux Falls	SD	605-361-0452
<b>Tennessee</b>							
111	HT Supply, Inc	Hamilton Place	660	2100 Hamilton Place Blvd., #0165	Chattanooga	TN	423-206-9299
112	Eagleweiss, Inc.	Governor's Square Mall		2801 Wilma Rudolph Blvd. #520	Clarksville	TN	931-919-2533
113	HT Supply, Inc	West Town Mall		7600 Kingston Pike, Space #1489	Knoxville,	TN	865-293-5912
114	Aariz, Inc.	Oak Court Mall	580	4465 Poplar Ave.	Memphis	TN	901-249-7022
115	Aariz, Inc.	Wolfchase Galleria	840	2760 N Germantown Pkwy #175	Memphis	TN	901-249-7791
116	HT Supply, Inc.	College Square Mall	703	2550 E. Morris Blvd., #16	Morristown	TN	423-289-8478
<b>Texas</b>							
117	Texas MVP Enterprises	Mall of Abilene	576	4310 Buffalo Gap Road, Suite #1072	Abilene	TX	325-701-9952
118	POPN Sports, LLC	Westgate Mall	678	7701 West Interstate 40, #112	Amarillo	TX	806-803-3048
119	Texas MVP Enterprises	Barton Creek Square	705	2901S. Capital of Texas Hwy, #C05A	Austin	TX	512-243-8102
120	POPN Sports, LLC	Sunrise Mall	708	2370 N. Expressway #1142	Brownsville	TX	956-372-1041
121	ARC Sports, LLC	Cielo Vista	555	8401 Gateway Blvd. W	El Paso	TX	915-843-8900
122	ARC Sports, LLC	Fort Bliss	624	1611 Marshall Rd.	El Paso	TX	915-843-8900
123	Texas MVP Enterprises	Killeen Mall	506	2100 South W.S. Young Dr., #1392	Killeen	TX	254-213-0737
124	Popn Sports, LLC	La Plaza	668	2200 South 10th Street Suite C-01	McAllen	TX	956-682-4670
125	Popn Sports, LLC	La Plaza #2	668A	2200 South 10th Street Suite C-71	McAllen	TX	956-682-4670
126	Same Team Sports, LLC	Town East Mall	685	1130 Town East Mall	Mesquite	TX	469-902-3712
127	Texas MVP Enterprises	Temple Mall	817	3111 S. 31st. Street, Space 3335	Temple	TX	254-295-0195
<b>Utah</b>							

	FRANCHISEE	MALL	STR#	ADDRESS	CITY	ST	PHONE#
128	Popn Sports, LLC	Layton Hills Mall	670	1201 N. Hillfield Rd, #2002	Layton	UT	801-544-5883
129	Popn Sports, LLC	Layton Hills Mall #2	670A	1201 N. Hillfield Rd., #1095	Layton	UT	801-544-9526
130	Peak Sports, LLC	Outlets at Traverse Mountain	560	3700 N. Cabela's Boulevard Space #345	Lehi	UT	801-901-1289
131	Popn Sports, LLC	Newgate Mall	571	3651 Wall Ave #1218	Ogden	UT	801-394-3101
132	Popn Sports, LLC	University Mall	671	575 E. University Parkway, Suite #M199	Orem	UT	801-225-5455
133	Popn Sports, LLC	University Mall #2		575 E. University Parkway, Suite #D68	Orem	UT	
134	Popn Sports, LLC.	Outlets Park City	717	6699 N. Landmark Dr., Ste J140	Park City	UT	
135	UC Sports, LLC	Provo Towne Centre	672	1200 Towne Centre Blvd., Suite 2100	Provo	UT	801-607-5162
136	Peak Sports, LLC	Red Cliffs Mall	478	1770 E.Red Cliffs Dr., #1142	St. George	UT	435-627-0850
137	Popn Sports, LLC	Valley Fair Mall	666	3601 S. 2700 W., Suite B132	West Valley City	UT	801-413-1377
<b>Washington</b>							
138	Sports Fan TBK, LLC	The Outlet Collection Seattle	681	1101 Outlet Collection Way SW, #479	Auburn	WA	253-833-8906
139	Sports Fan TBK, LLC	Bellis Fair Mall	650	1 Bellis Fair Pkwy, #330	Bellingham	WA	360-378-6949
140	Sports Fan TBK, LLC	Alderwood	674	3000 184 <sup>th</sup> ST, #348	Lynwood	WA	425-977-0212
141	Sports Fan TBK, LLC	Alderwood #2	674A	3000 184 <sup>th</sup> St. #801	Lynwood	WA	425-712-3498
142	Sports Fan TBK, LLC	South Hill Mall	654	3500 S. Meridian, #725	Puyallup	WA	208-848-3779
143	Sports Fan TBK, LLC	Capital Mall	656	625 Black Lake Blvd. SW, Space #J2	Olympia	WA	360-738-6949
144	Sports Fan TBK, LLC	Westfield Southcenter	665	2800 Southcenter Mall, #524	Seattle	WA	206-246-5597
145	Sports Fan TBK, LLC	Downtown Seattle	714	1016 1st Ave S	Seattle	WA	
146	Sports Fan TBK, LLC	NorthTown Mall	700	4750 North Division St., #1026	Spokane	WA	509-482-5059
147	Sports Fan TBK, LLC	Seattle Premium Outlets	664	10600 Quil Ceda Blvd., #415	Tulalip	WA	360-716-3535
<b>Wyoming</b>							
148	Nelson 307 Sports, Inc.	Eastridge Mall	498	601 S.E. Wyoming Blvd.	Casper	WY	307-472-0551
149	7PL Enterprises, LLC	Frontier Mall	605	1400 Dell Range Blvd., #079	Cheyenne	WY	307-632-2659

**FRANCHISEES THAT TRANSFERRED THEIR FRANCHISE IN 2024:**

<u>FRANCHISEE</u>	<u>CITY</u>	<u>STATE</u>	<u>PHONE</u>
Norstar Sports, LLC	Bloomington	MN	952-960-0783
MO Pro Sports, LLC	Bridgewater Township	NJ	908-589-7975
CPS Sports, Inc	Rapid City	SD	605-348-0779
CPS Sports, Inc.	Casper	WY	307-472-0551

**FRANCHISES THAT CEASED OPERATIONS IN 2024**

<u>FRANCHISEE</u>	<u>CITY</u>	<u>STATE</u>	<u>PHONE</u>
Crabtree's Sporting, LLC	Chandler	AZ	520-796-2012
GOAT Athletics, LLC	Citrus Heights	CA	916-846-0681
Maa Meldi, Inc.	San Bruno	CA	650-457-4450
7PL Enterprises, Inc	Denver	CO	720-327-1384
Blue Ikon, LLC	Danbury	CT	475-256-1694
Sports Fan TBK, LLC	Ocoee	FL	407-419-9876
Sports Fan TBK, LLC	Altamonte Springs	FL	407-755-2004
CPS Sports, Inc	West Des Moines	IA	515-223-1026
RJ & Sons, Inc.	Hays	KS	785-261-9739
CPS Sports, Inc	Joplin	MO	417-206-4338
AJS Sports, LLC	Pineville	NC	704-752-5077
MO Pro Sports, LLC	West Nyack	NY	845-558-1278
HT Supply, Inc	Knoxville (2 <sup>nd</sup> location)	KY	865-293-5912
Behrtschen Ent., Inc.	Lewisville	TX	214-488-0005

**FRANCHISEES THAT HAVE NOT CONTACTED US WITHIN 10 WEEKS**

None

<b>SIGNED BUT NOT OPENED AS OF DECEMBER 31, 2024</b>			
State	City	Franchisee Name	Mall/Store #
OR	Medford	Red Zone Sports, LLC	Rogue Valley Mall #658
TX	Houston	PI Houston, LLC	TBD

\* If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT “D”  
TO THE FDD**

**TABLE OF CONTENTS FOR OPERATIONS MANUAL**



## TABLE OF CONTENTS

Subject	Page No.
Confidentiality Notice	3
Team Introduction	4
Ideal Timeline	5
Business Administrations	7
Store Construction	10
Vendors & Purchasing	14
Website & Ecommerce	15
Resources & Supplies	16
Point of Sale	17
Hiring & Personnel	26
Salesmanship	28
Merchandising	30
Store Setup	34
Contacts	36

**EXHIBIT “E”  
TO THE FDD**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	2101 Arena Blvd., Sacramento, CA 95834	(916) 445-7205 (866) 275-2677 <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:ask.DFPI@dfpi.ca.gov">ask.DFPI@dfpi.ca.gov</a>
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, 20 <sup>th</sup> Floor, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General’s Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280, St. Paul, MN 55101	(651) 539-1600
New York	Secretary of State		99 Washington Avenue, Albany, NY 12231	(518) 473-2492
North Dakota	Securities Commissioner		600 East Boulevard Ave., State Capitol Fourteenth Floor, Dept. 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities Labor and Industries Building	Salem, OR 97310	(503) 378-4387
Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex – Building 69-1, Cranston, RI 02920	(401) 462-9527

South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2 <sup>nd</sup> Floor, Pierre, SD 57501-3185	(605) 773-3563
Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1 <sup>st</sup> Floor, Richmond, VA 23219	
Washington	Department of Financial Institutions	Securities Division	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

If a state is not listed, Pro Image Franchise, L.C. has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Pro Image Franchise, L.C. has appointed an agent for service of process.

**EXHIBIT “F”  
TO THE FDD**

**LIST OF STATE AGENCIES RESPONSIBLE FOR FRANCHISE DISCLOSURE AND  
REGISTRATION LAWS**

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:ask.DFPI@dfpi.ca.gov">ask.DFPI@dfpi.ca.gov</a>	Department of Financial Protection and Innovation	<u>Sacramento:</u> 2101 Arena Blvd., Sacramento, CA 95834 <u>San Diego:</u> 1455 Frazee Road, Suite 315, San Diego, CA 92108 <u>San Francisco:</u> One Sansome Street, Ste. 600, San Francisco, CA 94101 <u>Los Angeles:</u> 320 West 4 <sup>th</sup> Street, Ste. 750, Los Angeles, CA 90013-2344	<u>Sacramento:</u> (916) 445-7205  <u>San Diego:</u> (619) 525-4233  <u>San Francisco:</u> (415) 972-8559  <u>Los Angeles:</u> (213) 576-7500  <u>Toll Free:</u> (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 32314-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111, Indianapolis, IN 46204	(317) 232-6681
Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319-0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, 20 <sup>th</sup> Floor, Baltimore Maryland 21202-2020	(410) 576-6360
Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6 <sup>th</sup> Floor, Lansing, MI 48933	(517) 373-7117

Minnesota	Minnesota Department of Commerce	Securities – Franchise Registration	85 7 <sup>th</sup> Place East, Suite 280, St. Paul, Minnesota 55101-2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21 <sup>st</sup> Floor, New York, NY 10005	(212) 416-8222 Fax: (212) 416-6042
North Dakota	Franchise Examiner	North Dakota Securities Department	600 East Boulevard Avenue, State Capitol 14 <sup>th</sup> Floor, Dpt 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947-7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920-4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2 <sup>nd</sup> Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773-5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711-3193 1719 Brazos, Austin, TX 78707	(512) 475-1769
Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001
Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor, Richmond, VA 23219	(804) 371-9051
Washington	Securities Division	Department of Financial Institutions	150 Israel Rd SW, Tumwater, WA 98501	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal Trade Commission	Division of Marketing Practices	Bureau of Consumer Protection	Pennsylvania Avenue at 6 <sup>th</sup> Street, NW, Washington DC 20580	(202) 326-3128

**EXHIBIT “G”  
TO THE FDD**

**RELEASE AGREEMENT (FORM)**

**RELEASE AGREEMENT  
(Form)**

This RELEASE AGREEMENT ("Agreement") is made and entered into as of \_\_\_\_\_ by and between **PRO IMAGE FRANCHISE, L.C.** ("Franchisor") and \_\_\_\_\_, **LLC/INC.**, \_\_\_\_\_, **AND** \_\_\_\_\_ (jointly and severally "Franchisee"). The above will collectively at times be referred to as "Parties" and individually as "Party." Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

**RECITALS**

WHEREAS, Franchisee entered into a Pro Image® Sports franchise agreement on \_\_\_\_\_ with Franchisor ("Franchise Agreement"); and

WHEREAS, the Franchise Agreement was personally guaranteed by \_\_\_\_\_ and \_\_\_\_\_ ("Personal Guarantor(s)"); and

WHEREAS, the Franchise Agreement has been terminated effective as of \_\_\_\_\_.

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantor(s) have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, members, managers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.

3. Franchisee and Personal Guarantor(s) represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the

English language. Franchisee and Personal Guarantor(s) acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. Franchisee and Personal Guarantor(s) are reminded of their ongoing obligations under the non-competition clauses of the Franchise Agreement and the Brand Protection Agreement for Principals signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the state of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Salt Lake County, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Salt Lake City, Salt Lake County, Utah, and the laws of the state of Utah will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

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



6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

9. For franchisees located in Washington only: this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or any rule or order adopted thereunder.

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:

FRANCHISEE:

**PRO IMAGE FRANCHISE, L.C.**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

PERSONAL GUARANTOR(S):

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT “H”  
TO THE FDD**

**FRANCHISEE SIGNING CHECKLIST**



## 2025 Franchise Documents Signing Checklist

The following items need to be filled out, signed, or dated by the party indicated and/or a copy of the document delivered to Pro Image Franchise, L.C (“Pro Image”).

### [FOR FRANCHISEES]

#### 1. When you receive the FDD

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
FDD Receipt pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date <u>both</u> copies. You will keep the copy labeled “Franchisee Copy” and return the other copy (“Franchisor Copy”) to Pro Image.	

#### 2. When you sign the Franchise Agreement and other documents

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Franchise Agreement	(page 1 of the Franchise Agreement)	Fill in your name or the name of your company that will act as the franchisee.	
Franchise Agreement	(page 3)	1. In first paragraph fill in date the Franchise Agreement is signed or the effective date of the agreement, and your company name or your name if you do not have an entity.	
Franchise Agreement	(page 39)	Fill in your name or your company name, address, and email (and fax if you have one).	
Franchise Agreement (Signature Page)	(pages 47)	1. If you have a company that will act as the franchisee, fill in the company name on the line before LLC/INC. and have the president, manager, etc., sign on behalf of the entity. 2. If you will be the franchisee personally, you will sign on the lower signature lines and print your name on the line before “personally.”	
Territory	Exhibit A-1 (page 48)	Please fill in the complete address of the approved location. Both you and Pro Image must initial and date this page.	

Company Reps. and Warranties	Exhibit A-2 (pages 49-50)	If you have a company that will be the franchisee, you must fill out this document (every blank spot and/or checkmark) regarding all the owners and officers of your company.	
Brand Protection Agreement for Principals	Exhibit A-4 (pages 53-56)	Each principal owner must sign and fill in their name on the last page.	
Franchise Relationship Acknowledgement	Exhibit A-5 (pages 57)	All personnel must sign and date. <b><i>**A copy of each signed non-compete must be emailed to us within 1 week of the management employee's hire.**</i></b>	
Landlord's Consent	Exhibit A-6 (page 58)	1. Fill in the name of the Landlord (will be the same as in your lease agreement). 2. Fill in your entity name or personal name if no entity formed. 3. Provide to your landlord and have him/her date and sign and return to you. <b><i>**This should be done at the same time you sign the lease agreement. You must send us an executed copy within 5 days of signing the lease agreement.**</i></b>	
Guaranty and Assumption of Obligations	Exhibit A-7 (pages 59-60)	1. Fill in the date of the franchise agreement (will match the date on page 3 of the franchise agreement). 2. Fill in the date you are signing the Guaranty. 3. Each person with 5% or greater interest in the franchise, along with their spouse or legal domestic partner, must sign and print their name. <u><i>If more signature lines are needed, print an additional pages and have the additional owners sign.</i></u>	
Authorization Form for Direct Payments	Exhibit A-8 (page 62-63)	Fill in all information, sign, and date.	
Digital and Social Media Authorization for Assignment	Exhibit A-9 (pages 64-65)	Sign and date page 65	
Franchisee Report	Exhibit A-10 (page 66)	Franchisee must fill out relevant information, sign, and date.	
State Addenda to the Franchise Agreement (if applicable)	Exhibit A-11	Only fill out the applicable state document if there is a space to do so <b><i>and only</i></b> if you are located in one of the listed states. The applicable states are: Illinois, Maryland, Minnesota, Virginia Washington and Wisconsin. (Signatures are	

		required for Illinois, Maryland, Minnesota and Washington.)	
<b>OTHER DOCUMENTS AND EXHIBITS WITHIN THE FDD</b>			
Illinois Addendum	Schedule 3 to the FDD	<b><i>Only sign</i></b> at the bottom of Schedule 3 if you are a resident of Illinois or if the franchise will be located in Illinois.	
Maryland Addendum	Schedule 5 to the FDD	<b><i>Only sign</i></b> at the bottom of Schedule 5 if you are a resident of Maryland or if the franchise will be located in Maryland.	
Minnesota Addendum	Schedule 6 to the FDD	<b><i>Only sign</i></b> at the bottom of Schedule 6 if you are a resident of Minnesota or if the franchise will be located in Minnesota.	
Release Agreement	Exhibit G to the FDD	<b><u>Do not fill out or sign this agreement.</u></b> This is only to be filled out and signed at the time the Franchise Agreement is transferred, terminated or not renewed.	

### 3. Before you begin operations

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED/ RECEIVED
Proof of insurance	You must obtain and maintain insurance that lists Pro Image as an additional insured. You must provide Pro Image with proof of this insurance.	
Your dba	In the state where your store is located, you need to file for a dba or “doing business as” under the name “Pro Image Sports _____.” The blank line will be the city where your store is located. For example, if your store is located in Las Vegas, Nevada, your filed dba could be “Pro Image Sports – Las Vegas.” Pro Image must approve your dba before you file it. You must send a copy of the dba filing to Pro Image after it is filed. Please note that a dba is different from your company name if you have a company that is the franchisee. Please note that you <b><u>cannot</u></b> use the name “Pro Image Sports” or “Pro Image” as your company name.	
Franchisee’s Entity Documents	If you use a company to be the franchisee, you need to send a copy of your articles of incorporation/organization along with your bylaws/operating agreement to Pro Image.	

Copy of lease agreement	You must send Pro Image a copy of the fully signed and dated lease, together with the Landlord's Consent. <b><i>You must send us an executed copy within 5 days of signing the lease agreement.**</i></b>	
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## STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	April 11, 2024
Hawaii	April 9, 2024
Illinois	April 2, 2024
Indiana	June 3, 2023
Maryland	Pending
Michigan	May 27, 2023
Minnesota	April 26, 2024
New York	Pending
North Dakota	Pending
Rhode Island	June 10, 2024
South Dakota	April 24, 2024
Virginia	Pending
Washington	Pending
Wisconsin	April 2, 2024

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



**RECEIPT**  
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pro Image Franchise, L.C. offers you a franchise, it must provide this disclosure document to you 14 calendar days or 10 business days as applicable before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pro Image Franchise, L.C. 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 "F." Pro Image Franchise, L.C. authorizes the respective state agencies identified on Exhibit "E" for service of process for it in the particular state.

Pro Image Franchise, L.C., located at 1310 West 233 North Suite 200, Centerville, Utah 84014. Its telephone number is (801) 296-9999.

The issuance date of this disclosure document is April 10, 2025.

The names of our franchise sellers are:

<u>Name:</u>	<u>Business Address:</u>	<u>Phone #:</u>
Jake Riley	1310 West 233 North Suite 200, Centerville, Utah 84014	(801) 296-9999
Braxton McKee	1310 West 233 North Suite 200, Centerville, Utah 84014	(801) 296-9999

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I have received a disclosure document dated April 10, 2025, that included the following Exhibits:

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

Date: \_\_\_\_\_  
(Do not leave blank)

By: \_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_

Name: \_\_\_\_\_  
(Print name)

PLEASE KEEP THIS COPY FOR YOUR RECORDS.



**RECEIPT**  
(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pro Image Franchise, L.C. offers you a franchise, it must provide this disclosure document to you 14 calendar days or 10 business days as applicable before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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D.	Table of Contents for Operations Manual	H.	Signing Checklist

Date: \_\_\_\_\_  
(Do not leave blank)

By: \_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_

Name: \_\_\_\_\_  
(Print name)

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Pro Image Franchise, L.C. at 1310 West 233 North Suite 200, Centerville, UT 84014, or emailing to [franchise@proimagesports.com](mailto:franchise@proimagesports.com).

