

## FRANCHISE DISCLOSURE DOCUMENT



X GOLF Franchise Corporation  
A California corporation  
1963 Del Amo Blvd  
Torrance, CA 90501  
(323) 400-6611  
[www.playxgolf.com](http://www.playxgolf.com)

As an X-Golf franchisee, you will operate an indoor golf entertainment facility serving food and beverages in a fun and upbeat atmosphere. The experience will center around the use of golf simulators which provide an opportunity for customers to play golf indoors on a simulator machine. The customers will range from avid golf enthusiasts to first-time golfers seeking a fun experience.

The total investment necessary to begin operation of an X-Golf franchise is \$1,132,630 to \$1,749,800. This includes \$435,000 to \$715,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Anna De’Nooijer at 1963 Del Amo Blvd, Torrance, CA 90501 and (586) 405-0544.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](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 21, 2025 amended May 29, 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 G.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E 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 X-Golf 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 X-Golf franchisee?</b>	Item 20 or Exhibit G 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 A.

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in California. Out-of-state 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 California than in your own state.

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



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## Item 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

. In this Franchise Disclosure Document, the Franchisor will be referred to as “we,” “us,” our, “Company,” “Franchisor,” or “X GOLF” and the person who buys an Individual Unit Franchise will be referred to as “you”. In order to distinguish between disclosure applicable to Individual Unit Franchises and Multi-Unit Franchises, the person who buys a Multi-Unit Franchise will usually be referred to as “Multi-Unit Developer.” If the prospective franchisee or Multi-Unit Developer is a corporation, partnership, limited liability company or other entity, “you” or “Multi-Unit Developer” will mean the entity and the owners of the entity.

#### Parents, Predecessors and Affiliates

Our name is X GOLF Franchise Corporation. Our principal business address is 1963 Del Amo Blvd, Torrance, CA 90501. X GOLF America, Inc. (“XGA”) is our parent corporation. Its address is the same as ours. You will purchase your golf simulators from XGA. XGA also sells certain merchandise to franchisees for sale at retail. We do not have any affiliates that offer franchises in any line of business or that provide other products or services to our franchisees.

We do not have any predecessors.

We use the names “X GOLF Franchise Corporation”, “X GOLF America”, “X-Golf”, and “XGOLF”. We do not intend to use any other names to conduct business.

Our agent for service of process in California is Bong Sung Huh at 13506 Mount Craig Circle, La Mirada, CA 90683. Our agents for service of process in other states are disclosed in Exhibit A.

We are a California corporation. We were created on February 27, 2015.

We do not operate businesses of the type being franchised. Our affiliates X-Golf Spokane Valley, LLC located at 15110 E. Indiana Ave., Ste. B, Spokane Valley, Washington 99216 and X-Golf Kennewick, LLC located at 2905 W. Kennewick Ave., Kennewick, Washington 99336 each own and operate an X-Golf business in that State. Our affiliate X Golf Denville LLC, a New Jersey limited liability company, operates an X-Golf business at 3130 Rte. 10, Ste. 4, Denville, New Jersey 07834 and our Affiliate X Golf Nationals Park operates an X-Golf business at Nationals Park in Washington, DC at 1500 S. Capitol Street, SE, Washington, DC 20003.

Our Co-CEO and Director, Ryan Choi, owns X Golf Co. Limited, located in South Korea (“XGCL”). This entity is not our affiliate but it will be the a supplier of golf simulators, software and some hardware to us for our franchisees.

We do not have any other business activities. We have not offered franchises in other lines of business.

We have offered franchises since 2015.

### The Franchise Offered

If you sign a franchise agreement with us, you will develop and operate a business that offers golf simulator training and play services as well as food and beverage services under the trade name X-Golf.

The general market for X GOLF is typically young adults who are active with a healthy lifestyle between the ages of 25 to 65. The customers will range from golf enthusiasts to first-time golfers looking to learn about the game. The business is entertainment-based and the goal is to make the game of golf fun and convenient for a customer who wants to play on Friday night for an hour with friends or for an enthusiast to play every day without worrying about inclement weather. The golf market is highly developed, with millions of people playing golf on private and public courses, according to the National Golf Foundation. The market for entertainment venues with golf simulators is relatively new and undeveloped. Sales can be somewhat seasonal, depending on climate.

### Multi-Unit Franchise

In certain circumstances, we may offer to you the right to sign a Multi-Unit Development Agreement (the “Multi-Unit Agreement”) in the form attached as Exhibit C to this Disclosure Document to develop multiple franchise locations to be located within a specifically described geographic area (the “Development Territory”). We will determine the Development Territory before you sign the Multi-Unit Agreement, and a description of the Development Territory will be included in the Multi-Unit Agreement. Under the Multi-Unit Agreement, you must establish at least two (2) X GOLF franchises within the Development Territory according to a Development Schedule and sign a Franchise Agreement for each unit established under Development Schedule. The Franchise Agreement for the first unit will be in the form attached as Exhibit B to this Disclosure Document and will be signed at the same time you sign the Multi-Unit Agreement. For each additional franchise location developed under the Multi-Unit Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may include different terms and conditions, including but not limited to royalties and advertising fees. The size of the Development Territory will vary depending upon local market conditions, population and income demographics, geography and the number of locations to be developed.

### Market and Competition

The industry for indoor and sports-related entertainment is highly competitive. There are multiple and varied sports-related entertainment options for customers to choose from such as

actual sporting events, public and private golf clubs, sports bars, sports themed-restaurants, and similar types of facilities.

### Laws and Regulations

Your business will offer food and beverages, and therefore will be subject to numerous laws and regulations specific to the restaurant industry.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality. For certain classes of employees in restaurants, the wage laws are different from other businesses.

The menu labeling provisions of the *Patient Protection and Affordable Health Care Act* require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item. Applicable laws and regulations prohibit false or misleading claims regarding health and nutrition of food items.

You will need to obtain a license to sell beer, wine, and liquor. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license, the restrictions placed on the manner in which alcoholic beverages may be sold, and the potential liability imposed by so-called “dram shop” laws addressing injuries directly and indirectly related to the sale of alcohol and its consumption.

## **Item 2 BUSINESS EXPERIENCE**

### **Michael Ruvolo – Co-Chief Executive Officer; Director.**

Michael Ruvolo has been the Co-Chief Executive Officer of the Franchisor and our parent company, X-GOLF America, Inc. (“XGA”), since November 2024. He is based out of Fort Collins, Colorado. From September 2019 to the present he has served as a director of XGA. He opened his first X-Golf franchise location in Fort Collins, Colorado in January 2019 and has five (5) total franchises as of the date of this disclosure document

### **Ryan Choi – Co-Chief Executive Officer; Director.**

Ryan Choi has been the Co-Chief Executive Officer of the Franchisor and of XGA since November 2024. He is based out of Seoul, South Korea. He has been a director of XGA from June 2024 to

the present. From January, 2019 to the present he has been employed by XGA in connection with the research and development of X-Golf's products.

**Patrick Armstrong – Chief Operating Officer.**

Patrick Armstrong has served as our Vice President of Operations of XGA since December 2024. He is based out of Fort Collins, Colorado. He is a co-owner of the X-Golf franchise in Fort Collins, Colorado, which opened in January 2019. From January, 2019 to November, 2024 he was employed by Green Screens LLC as the General Manager of the X-Golf franchise in Fort Collins, Colorado.

**Harry Tanner – Director of Golf Operations.**

Harry Tanner has been engaged as our Director of Golf Operations and of XGA since December 2024. He is based out of Fort Collins, Colorado. He was previously employed by Green Screens LLC as the Director of Golf of the X-Golf franchise location in Fort Collins, Colorado from January 2019 to November 2024.

**Casey Keyes – Vice-President of Marketing.**

Casey Keyes has been engaged as our Director of Marketing and of XGA since December 2024. He is based out of Fort Collins, Colorado. He was previously a Regional Marketing Director with X-Golf Colorado from May 2021 to November, 2024. From 2017 to April 2021 he was a Senior Marketing Executive at Madwire Media LLC.

**Joseph Huh – Chief Business Officer.** Joseph Huh has been our CBO since January , 2025. Prior thereto he was engaged as our Chief Financial Officer in Los Angeles, California since September 2019. He has also been Chief Business Officer and Secretary of XGA since September 2019.

**Anna Begeny – Director of Franchise Sales.** Anna Begeny has been our Director of Franchise Sales, in Wixom, Michigan, since May 2023. Previously she was Director of Franchise Development for Detroit Wing Company, in Madison Heights, Michigan, from January 2021 to May 2023, and Director of Franchise Development for Beyond Juicery Eatery, in Madison Heights, Michigan, from March 2019 to May 2023.

**Item 3  
LITIGATION**

Concluded Litigation:

JENA RUVOLO, on behalf of herself and derivatively on behalf of X GOLF AMERICA, INC.; and MICHAEL RUVOLO, on behalf of himself and derivatively on behalf of X GOLF AMERICA, INC., Plaintiffs, v. RYAN D'ARCY, an individual; BRENDAN HADLEY, an individual; SCOTT MINKE, an individual; JASON PERRAS, an individual; and DOES 1–25, Defendants, and X GOLF AMERICA, INC., a California corporation, Defendant and Nominal

Defendant. Superior Court of the State of California, County of Los Angeles, Case No. 24STCV14808, Hon. Kenneth R. Freeman (the “California Case”).

Plaintiffs brought this derivative action in their capacity as directors and shareholders of X Golf America, Inc. (“XGA”) for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, declaratory as well as injunctive relief, and violation of California Corporation Code Section 1602 *et seq.* by the above-named Defendants, each of whom were directors and executive officers of XGA and its subsidiary, X GOLF Franchise Corporation (“XGF,” Franchisor herein). Plaintiffs allege that through an un-related third-party entity owned and controlled by Defendants, X-Golf Michigan, LLC (“XGM”), Defendants’ siphoned significant revenues that were the property of Franchisor to Individual Defendants, usurping corporate opportunities of X Golf (as the parent company to XGF) in the State of Michigan. Plaintiffs voluntarily dismissed the litigation without prejudice on February 27, 2025, determining to instead bring all claims in one court through the counterclaim described in the Michigan Case below.

Pending Litigation:

1. X-GOLF MICHIGAN, LLC, a Michigan Limited Liability Company, BRENDAN HADLEY, a South Carolina Resident, JASON PERRAS, a Michigan Resident, and SCOTT MINKE, a Michigan Resident Plaintiffs, v. X-GOLF FRANCHISE CORPORATION, a California Corporation and MICHAEL RUVOLO, a Colorado Resident, Jointly and Severally. Defendants, Oakland County Circuit Court, Michigan, Case No. 2025-211971--CB Judge Victoria Valentine (the “Michigan Case”).

Plaintiffs filed this action on January 8, 2025 in Michigan. Based on allegations of the Franchisor set forth in the California Case (above), X-Golf Michigan, LLC (“XGM”) and the individual Plaintiffs contend that Defendants have tortiously interfered with Plaintiff XGM’s contractual relationships with Michigan franchisees who have entered into Consulting Agreements with XGM requiring the Michigan franchisees to make royalty payments to it in addition to their royalty payments to the Franchisor, X-Golf Franchise Corp. Defendants deny the allegations.

On January 14, 2025 Defendants, as Counter-Plaintiffs, filed a counterclaim alleging that the Consulting Agreements that X-Golf Michigan required Michigan franchisees to sign were done so without the knowledge or consent of Counter-Plaintiffs and constituted breach of contract, tortious interference with contract and business expectancy, unlawful violation of the Michigan Franchise Investment Law and silent fraud. Counter-Defendants have not responded as of the issuance date of this disclosure document nor has a scheduling order been issued by the Court.

2. X-GOLF AMERICA, INC., a California Corporation, Plaintiff v. BRENDAN HADLEY, SCOTT MINKE and JASON PERRAS, Michigan Residents, Jointly and Severally, Defendants, Oakland County Circuit Court, Michigan, Case No. 2025-214424-CB Judge Victoria Valentine (the “Companion Case”).

On April 25, 2025, Plaintiff X-Golf America, Inc. (“XGA”) filed this matter against the individual Defendants as a “Companion Case” to the Michigan Case described above. XGA is the parent corporation of the Franchisor, X-Golf Franchise Corporation (“XGF”). XGA alleges that

the individual Defendants, in their capacities as shareholders, officers and/or directors of XGA, breached their duties of loyalty, care and good faith by requiring Michigan franchisees to enter into Consulting Agreements with their entity, X Golf Michigan, LLC whereby by such franchisees paid up to an additional 4% royalty. Such transactions unjustly enriched Defendants by usurping corporate opportunities for their own personal benefit to the detriment of XGA, without its knowledge or authorization. Defendants are in the process of being served as of the amended date of this disclosure document.

No other litigation is required to be disclosed in this Item.

#### **Item 4 BANKRUPTCY**

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

#### **Item 5 INITIAL FEES**

##### Franchise Fee

When you sign your franchise agreement, you must pay us \$40,000 as the initial franchise fee. In 2024, this fee ranged from \$20,000 to \$35,000. Otherwise, this fee is uniform.

##### Opening Deadline Extension Fee

You must open for business within 12 months after signing your franchise agreement. For each 30-day period that you are not open beyond the opening deadline, we will charge \$5,000 per month for each of the first six months, and thereafter \$10,000 per month. We reserve the right to waive the fee if the delay is due to circumstances beyond your control.

##### Golf Simulators

You will purchase six to eight X-Golf simulators from our parent company, X GOLF America, Inc., at a cost ranging from \$407,850 to \$536,500 (including base price, shipping, and installation). The exact cost per machine may vary according to factors such as shipping and installation costs. You pay 50% of the purchase price upon ordering, and the remaining 50% before the simulators are shipped to you.

##### Merchandise

You will buy gloves, hats, shirts, golf aids, and certain other merchandise from X GOLF America, Inc. sells to offer at retail from your store. Before you open, you will pay \$0 to \$2,000

for such merchandise, depending on the types and amounts of merchandise you choose to purchase. You will pay for these items at the time of purchase.

All initial franchise fees are payable in a lump sum (except as noted) and are non-refundable.

### Multi-Unit Developer Franchises

If you qualify and choose to become a Multi-Unit Developer, you will sign a Multi-Unit Agreement for the development of a minimum of two (2) franchises, together with the Franchise Agreement for the first X GOLF franchise that you will develop. The initial franchise fee for the first franchise unit will be \$40,000 but the initial franchise fee for each additional unit to be developed will be reduced to \$25,000. Concurrently with the execution of the Multi-Unit Agreement, you must pay a Multi-Unit Development Fee that will be 100% of the initial franchise fee for the first franchise to be developed (\$40,000), sign the first Franchise Agreement, and pay a deposit equal to 50% of the \$25,000 reduced initial franchise fee (i.e. \$12,500) for each additional franchise unit to be developed under the Multi-Unit Agreement. For your first unit, we will apply \$40,000 of the Development Fee to pay the initial franchise fee in full. For each unit developed after the first one, we will apply \$12,500 of the Development Fee towards the initial franchise fee due under the then current Franchise Agreement and the balance of the initial franchise fee due, or \$12,500 is payable when you sign the Franchise Agreement for the next franchise unit. The number of Individual Unit Franchises that will be specified for development in a territory will be jointly determined by you and us based on published data including but not limited to population density, business locations, household income, traffic patterns, etc. We estimate that the typical Multi-Unit Development Schedule will be for two (2) to five (5) Individual Unit Franchises. We reserve the right to adjust this formula depending upon the size of the area and the financial ability of the Multi-Unit Developer. The Development Fee must be paid in a lump sum and is non-refundable.

### Military Discount

We offer a 10% discount on your initial franchise fee for your first franchise agreement if you or your spouse is a U.S. military veteran who has received a discharge (other than dishonorable) or active-duty U.S. military personnel. If the franchisee is a corporation, limited liability company, or other legal entity, the qualifying participant must have at least 51% ownership to qualify for this discount. To receive the discount, you must provide proof of qualification to us before you sign the franchise agreement.

**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	<p style="text-align: center;">7% of your adjusted gross sales.</p> <p>Annual royalty on simulators shall decrease to 3.5% for the balance of the year as follows: (i) 6 simulators - total sales exceed 810K; (ii) 7 simulators – total sales exceed 945k; (iii) 8 simulators – total sales exceed \$1,080,000 of your adjusted gross sales</p>	Monthly, on the 10 <sup>th</sup> day of the following month	See Notes 1 to 3. We have right to increase the royalty discount threshold based on inflation and other market factors in the economy in the future upon 45 days notice.
Marketing Fund Contribution	1% of adjusted gross sales	Monthly, on the 10 <sup>th</sup> day of the following month	See Notes 1 to 3.
Market Cooperative Contribution	As determined by cooperative.	Monthly, on the 10 <sup>th</sup> day of the following month	<p>If you participate in a co-op, you and the other franchisees in your market will pool resources for local marketing. The maximum contribution that a co-op may require is 5% of adjusted gross sales.</p> <p>See Note 4.</p>
Replacement / Additional Training fee	Currently, \$3,500	Prior to attending training	<p>If we train a new manager you select after you open, we will charge our then-current training fee plus expenses of travel, lodging and meals. If you request us to install and implement a new manager for your franchise, our fee will be \$500 per day plus travel, lodging and meals.</p> <p>.</p>

Type of Fee	Amount	Due Date	Remarks
Acuity Software	\$120 per year	\$10.00 per month	Withdrawn at time of payment of royalties.
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Non-Standard Offering Fee	As determined by us	As determined by us	If you desire to offer a product or service that is not part of our standard products and services for XGolf outlets, we may require to you pay a fee for us to evaluate and support your proposed offering. This may be a one-time fee or a recurring fee. The fee may be in addition to or lieu of the royalty fee. We currently do not charge any such fee except for a \$2,000 annual fee for our approval of machines that offer games of chance in Illinois.
Non-compliance fee	\$250 per instance	On demand	We may charge you \$250 for any aspect of your business which is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.

Type of Fee	Amount	Due Date	Remarks
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Renewal fee	50% of then current initial franchise fee	Upon renewal	Payable if you enter into a successor franchise agreement at the end of your agreement term.
Transfer fee	50% of the then current initial franchise fee	When transfer occurs	Payable if you sell your business. If you undergo a minority change of ownership, will charge you our out-of-pocket costs, including attorney fees.
Insufficient funds fee	\$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Temporary management fee	10% of total sales plus our expenses	On demand	We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, (ii) we exercise our right to purchase your business after your franchise agreement end, or (iii) you operate the business in a dangerous manner.
Costs of collection or enforcement	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us or otherwise enforcing your franchise agreement.

Type of Fee	Amount	Due Date	Remarks
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses (provided that we give you at least 14 days to resolve the customer complaint directly)
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported adjusted gross sales by more than 3% for any month.
Inspection fee	Currently \$300, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise or any act by your or your employees	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the development or operation of your franchise, or any act or omission by you or any employee of your business (unless caused by our intentional misconduct or gross negligence).

Type of Fee	Amount	Due Date	Remarks
Technology Fee	\$1500	Payable quarterly at the same time and in the same manner as the Royalty Fee	We may increase the Technology Fee, up to a maximum of 2% of gross sales, with 30 days prior notice to you.
Relocation Fee	Based on the average monthly royalty during the four (4) month period prior to your moving date, to be paid monthly until the day the relocated store opens.	Monthly via ACH	Payments will be prorated as to any partial month.
Ownership Change Fee	\$2500	At time of requested changes	To reimburse our legal fees incurred.
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party.	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. We do not represent that all fees are uniform for all franchisees; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

### Notes

1. "Adjusted Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Adjusted Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). Adjusted Gross Sales includes payments by customers for memberships and lesson programs when the customer makes the payment, regardless of when the services are provided.

2. We obtain your adjusted gross sales from your point-of-sale system. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

3. Currently, there is a marketing cooperative in the Chicago market and we are in the process of organizing a marketing cooperative in the Boston market.

4. The technology fee is used to fund new courses, tournament/league software updates, XGolf mobile app integration, networking equipment, operating systems, security enhancements, AI integration and user experience improvements.

Multi-Unit Franchises

<b>Type of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Development Fee	\$40,000 for first unit plus \$12,500 times the number of locations to be developed	Upon signing Multi-Unit Agreement	Nonrefundable.
Franchise Fee Balance	\$12,500 per unit after first location	Upon signing Franchise Agreement	Nonrefundable.
Transfer Fee	25% of the initial Multi-Unit Fee being charged for comparable territories at the time of the transfer	Before closing of the transfer	Multi-Unit Developer must pay a transfer fee if its Multi-Unit Developer Franchise is transferred.
Costs and Attorneys Fees	Amount will vary under circumstances	As incurred	You must pay our costs and attorney fees if we are the prevailing party in an action or if we must take action to enforce your obligations to us.
Indemnification	Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your Multi-Unit business.

Notes to Table

- (1) Except as otherwise noted, all fees are imposed by and are payable to us. The fees payable to us are not refundable.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**FRANCHISE AGREEMENT**

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	\$40,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent (one month) (see Note 2)	\$7,000 - \$22,000	Check	Upon signing lease	Landlord
Lease Security Deposit (see Note 2)	\$7,000 - \$22,000	Check	Upon signing lease	Landlord
Utilities	\$1,650 - \$3,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements (see Note 3)	\$465,000 - \$704,300	Check, debit, and/or credit	As incurred or when billed	Contractors
Market Introduction Program	\$5,000 - \$10,000	Check, debit, and/or credit	As incurred or when billed	Vendors
Golf Simulators (see Note 4)	\$407,850 - \$536,850	Wire transfer or bank check	Upon ordering	X GOLF America, Inc.
Furniture, Fixtures, and Other Equipment	\$95,480 - \$201,100	Check, debit, and/or credit	As incurred	Vendors
Computer Systems	\$650 - \$1,050	Check, debit, and/or credit	As incurred	Vendors
Insurance (3 months)	\$15,000 - \$20,000	Check	Upon purchase	Insurance company
Signage	\$10,000 - \$30,000	Check, debit, and/or credit	Upon ordering	Approved suppliers and vendors
Office Expenses	\$1,000 - \$5,000	Check, debit, and/or credit	As incurred	Vendors
Inventory - From Our Affiliate	\$0 - \$2,000	Check, debit, and/or credit	Upon ordering	X GOLF America, Inc.

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Inventory - Other	\$8,000 - \$10,000	Check, debit, and/or credit	Upon ordering	Approved suppliers and vendors
Licenses and Permits (See Note 5)	\$4,500 - \$40,000	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.)	\$2,500 - \$7,500	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$2,000 - \$5,000	Check, debit, and/or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 6)	\$60,000 - \$90,000	Varies	As incurred	Employees, suppliers, utilities
Total	\$1,132,630 - \$1,749,800			

### Notes

1. The initial franchise fees are paid in a lump sum and are non-refundable. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. The average unit will range from 5,500 to 10,000 square feet and will be located in a retail environment with high vehicle and/or foot traffic. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot.

3. The cost of your buildout will depend on various factors, including size of the premises, the condition of the premises, local construction costs, and the amount of work (if any) performed by the landlord. Our estimate assumes construction starting from a “vanilla shell”.

4 This estimate is based on an approximate cost of \$70,000 per simulator and includes the purchase price, installation costs, and shipping costs for six to eight X-Golf simulators from our parent company, X GOLF America, Inc.

5. The cost of a license to serve alcoholic beverages will vary widely by jurisdiction. You should investigate the cost of the appropriate licenses in your jurisdiction.

6. This includes any other required expenses you will incur before operations begin and during the initial 3-month period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include salary or other compensation to you. It does not include your costs of debt service. The timing of your opening may affect the amount and length of time you incur expenses in excess of income. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of X-Golf businesses by our franchisees, and our general knowledge of the industry.

#### Multi-Unit Franchises

In addition to the initial investment described above for each individual franchise franchise that Multi-Unit Developer owns and operates, Multi-Unit Developer will incur the following expenses:

#### **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>
Multi-Unit Development Fee <sup>(1)</sup>	\$52,500 for 2 units to \$95,000 for 5 units	Lump sum	When the Multi-Unit Agreement is signed	Us
Franchise Fee Balance of \$12,500 per Location (Units 2-5)	\$12,500 to \$50,000	Lump Sum	When Franchise Agreement is signed	Us
<b>Total Estimated Initial Investment</b>	<b>\$65,000 to \$90,000*</b>			

#### Notes to Table

**\*Based on a Multi-Unit Schedule for two (2) to five (5) franchises.**

(1) See Item 5 regarding the initial Multi-Unit Development Fee.

**Item 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. You must comply with any changes we make in the future to these requirements.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. X-Golf Simulators. You purchase X-Golf simulators from our parent company, X GOLF America, Inc.

B. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit C).

C. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business Interruption Insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence, (iv) separate coverage for liquor liability (commonly referred to as Dram Shop Liability) with limits of not less than \$1,000,000 single limit per occurrence, (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iv) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation. If you do not have required insurance, we may purchase insurance for you. You must then reimburse us in full plus a 10% administrative fee.

D. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

E. Food Service Equipment and Supplies. All of your kitchen equipment must meet our specifications and be purchased only from approved suppliers. All of your food purchases must meet our specifications and be purchased only from approved suppliers. We may require you to use a distributor that we approve.

F. Merchandise. X GOLF America, Inc., sells gloves, hats, shirts, golf aids, and certain other merchandise to you to offer at retail.

G. Advertising and Marketing. Except as otherwise provided in the Brand Standards Manual and advertising or marketing materials that we furnish to you, you must submit all advertising and marketing materials to us for our written approval before use. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws. We have the right to establish and control all digital marketing.

#### Us or our Affiliates as Supplier

You purchase your X-Golf simulators from X GOLF America, Inc. This affiliate also sells gloves, hats, shirts, golf aids, and certain other merchandise to you. Otherwise, neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

#### Ownership of Suppliers

Our Member and Director, Song Hwan Choi owns X Golf Co. Ltd., located in South Korea (“XGCL”). XGCL is a supplier of golf simulators, software and some hardware to our us for provision to our franchisees. XGGL receives a royalty of .5% for the provision of its intellectual property rights to X Golf America, Inc.

None of our officers owns an interest in any supplier to our franchisees.

#### Alternative Suppliers

For some of the goods and services you will need to develop and operate your business, we have a list of approved suppliers. If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

#### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. 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

Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after evaluating the intended changes. We may also conduct limited testing in X-Golf locations or consult with franchisees.

#### Revenue to Us and Our Affiliates

We will not derive revenue from the required purchases and leases by franchisees. However, our parent company, X GOLF America, Inc. receives revenue from your purchase of X-Golf simulators and certain merchandise. In 2024, it received \$ 11,281,363 in revenue from purchases of simulators and merchandise by franchisees, this was 96.3% of its total revenue of \$11,700,000.

#### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 70% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 70% of your total purchases and leases of goods and services to operate your business.

#### Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement allows us to do so.

#### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

#### Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

#### Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

### **Item 9 FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	§§ 6.1, 6.2; Sect. 4 MUDA	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6; Sect. 4 MUDA	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.2, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6; Sect. 1 and 4 MUDA	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.3, 6.6, 7.4, 7.8, 8.4, 10.5, 11.2, 11.3, 11.13, 15.2, 16.1, 17.6; Sect. 5 MUDA	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 9.1, 9.2, 10.1, 10.4, 11.1; Sections 4 and 7 MUDA	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1; Sect. 4 MUDA	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2; Sections 1 and 4 MUDA	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4, 7.5; Sect. 6 MUDA	Items 15
r. Records and reports	Article 10; Sect. 11 MUDA	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15; Sect. 8 MUDA	Items 6 and 17
u. Renewal	§§ 3.2, 18.11; Sect. 3 MUDA	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
v. Post-termination obligations	Article 13, §§ 14.3, 14.4; Sect 7 MUDA	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17; Sect 12 MUDA	Items 6 and 17

## Item 10 FINANCING

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

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

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

### Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will provide our criteria for site locations. We will review and advise you regarding potential locations that you submit to us. (Section 5.2). We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises and lease it to you.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. You must find a potential site and submit your site to us for approval, together with all information and documents about the site that we request. When we accept a site, we will issue a Location Acceptance Letter (in the form of Attachment 2 to the Franchise Agreement).

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will advise you regarding floor plans and interior design (Section 5.2). Your floor plans and design are subject to our approval. (Section 6.3)

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* Our affiliate X GOLF America, Inc. will sell and deliver your X-Golf simulators (Section 7.4). We will provide to you a list of our specifications and approved suppliers for other equipment, signs, fixtures, opening inventory, and supplies necessary to open your business (Section 5.2). We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

D. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

F. *Operating Manual.* We will give you access to our Operating Manual in such format as we deem appropriate. (Section 5.1).

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2).

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2).

### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 4 to 12 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, obtain business permits and licenses, develop and construct your location, and hire employees.

You must have a lease signed for your location within 4 months after signing your franchise agreement. You may extend this deadline for 30 days.

You must open for business within 12 months after signing your franchise agreement.

### Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services (Section 5.3). You will generally determine the prices you charge. Subject to applicable law, we reserve the right to set minimum prices for X-Golf products and services on a local, regional, or national basis (Section 7.3).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* If you request, we will provide to you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon written request. (Section 9.3)

G. *Website.* We will maintain a website for the X-Golf brand, which will include your business information and telephone number. Alternately, we may maintain a separate website or subwebsite for your location. (Section 5.3).

H. *Simulator Support.* Our affiliate X GOLF America, Inc., provides service and support for your X-Golf simulators. XGA currently provides these services at no additional charge to you. You must maintain, use, and operate each X-Golf simulator according to processes and procedures we specify. You cannot replicate, modify, or alter any of the X-Golf simulator hardware or software. (Section 7.4)

### Advertising

*Our obligation.* We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local, but we may use the Marketing Fund for regional or national media purposes. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. We have the right to establish and control all social media accounts and other digital marketing. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* Currently, there is a marketing cooperative in the Chicago market, and we are in the process of organizing a marketing cooperative in the Boston market. Otherwise, we do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of adjusted gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

*Marketing Fund.* You must contribute 1% of adjusted gross sales per month to the Marketing Fund. Although we intend to have all franchisees in the United States contribute at the same rate, we reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we or our affiliates own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

In 2024, the Marketing Fund received \$782,616 from franchisees. These funds were spent as follows:

Expenses:		% of Spend
Advertising	356,148	45.5%
Brand Ambassadors	97,500	12.5%
Production	98,549	12.6%
Tournament Prizes	49,070	6.3%
Website Management	104,203	13.3%
Administrative	77,146	9.9%
Total Expenses	<u>782,616</u>	100.0%

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. The plan should include your budget and describe the types of marketing you will implement in connection with the opening of your business. You must spend at least \$5,000 to \$10,000 on the market introduction plan.

*Required spending.* You must spend at least 5% of adjusted gross sales each fiscal quarter on marketing your business.

### Reservation Management and Point of Sale System

We currently require you to use an Acuity cloud-based scheduling system for simulator reservation management. The fee for this software is \$120 per year payable to us. We require you to use Square as your point-of-sale and facility management system. Square will generate or store data such as sales, refunds, inventory, and financial reporting.

We estimate that you will spend between \$1,500 and \$2,500 on computer and point-of-sale hardware systems. A quarterly technology fee of \$1500 is charged for funding new courses, tournament/league software updates, XGolf mobile app integration, networking equipment, operating systems, security enhancements, AI integration and user experience improvements

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party (except for your ongoing subscription to USchedule and Square).

You must upgrade or update any system hardware and software when we determine. There is no contractual limit on the frequency or cost of this obligation, and we are under no obligation to pay for any related costs.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,000 to \$2,500 (not counting credit card processing).

You must give us independent access (via user ID and password, secure API, or any other applicable means we choose) to all information that will be generated or stored in these systems.

The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information. All of the foregoing is subject to applicable privacy laws.

Operating Manual

See Exhibit F for the table of contents of our Operating Manual as of the date this disclosure document, with the number of pages devoted to each subject. **There are 19 total pages in the Operating Manual.**

Training Program

Our training program consists of the following:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
XGA Overview	1-2		Fort Collins, CO
Simulator Overview		2	Fort Collins, CO
Operations/Customer Service		2-3	Fort Collins, CO
Pro Services / Leagues / Tournaments		4	Fort Collins, CO
Marketing	2		Fort Collins, CO
HR / Business Ops	1		Fort Collins, CO
<b>TOTALS:</b>	4-5	8-9	

Training classes will be conducted approximately two months before the opening of your business and otherwise scheduled in accordance with the needs of new franchisees. We anticipate holding training classes three to four times per year. Training will be held at XGA Fort Collins, CO or another franchise location we determine. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be conducted by Patrick Armstrong and Ethan Kurtzer. Mr. Armstrong's experience is described in Item 2. He has six years of experience in our industry, as the co-owner and General Manager of X-Golf Fort Collins CO. Mr. Kurtzer's has 15 years' experience in the liquor, beer and wine industry and has spent the past 5 years helping 4 X-Golf locations grow the bar business.

There is no fee for up to 3 people to attend training. You must pay for the travel and living expenses of people attending the training.

You and your designated manager must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

Your business must employ a full-time general manager who has completed our training program. If we train a new general manager, we will charge a fee, which is currently \$3,500. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

There is no fee for up to 3 people to attend training. You must pay the travel and living expenses of people attending training.

You and your designated manager must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

In addition to the initial franchise program described above, we have a customized training program provided by a third-party vendor focused on sales coaching and revenue growth. It includes 24 weeks of 1-hour weekly training calls, short daily lesson videos and worksheets, interactive webinars and activities, and coaching through customized monthly sales updates and ongoing implementation reinforcement. You will begin this training program before you open. This program costs \$2,500.

Your business must employ a full-time general manager who has completed our training program. If we train a new general manager, we will charge a fee, which is currently \$3,500. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will typically be a radius of 7 miles around your location. Notwithstanding the above, this territory is not exclusive as we may operate or authorize another person to operate an X-Golf franchise in a public facility, such as train station, bus station, shopping mall/center, airport, park, amusement park, arena or stadium within your territory, or in any geographic area, if it is located off a highway exit (“Non-traditional Venues”). Also, if your Franchise Location is in a densely populated urban area (such as a major downtown area), your territory may be an area that is less than one (1) mile. In that case, the area will be mutually agreed upon and will be stated in your “Location Acceptance Letter” of your franchise agreement. If your business location is not known when you sign your franchise agreement, then we will state your location and territory in your Location Acceptance Letter when we approve your location.

### Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets. If you desire to do so, you must (1) meet our then-current criteria for new franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate multiple franchises successfully, (4) receive our then-current franchise disclosure document, and (5) obtain our agreement.

### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### Territory Protection

In your franchise agreement, we grant you an exclusive territory, subject only to the potential grant of a Non-Traditional Venue as described above. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as an X-Golf outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

### Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your

franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

#### Soliciting by You Outside Your Territory

All marketing and advertising is subject to our approval. You may only sell the products and services we require or permit. Accordingly, you do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your territory without our approval.

#### Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement allows us to do so.

### **Item 13 TRADEMARKS**

#### Principal Trademarks

The following are the principal trademarks that we license to you. These trademarks are owned by RD-Tek Co., Ltd, a Korean corporation (“RD-Tek”). They are registered on the Principal Register of the United States Patent and Trademark Office:

<b>Trademark</b>	<b>Registration Date</b>	<b>Registration Number</b>
	August 14, 2012	4188371
<b>X GOLF</b>	April 26, 2022	6710323

Sections 7, 8, 9 and 15 affidavits have been filed for Registration Number 4188371. The registration has been renewed.

No affidavits are required at this time for Registration Number 6710323, and no required affidavits have been filed. This registration has not yet been renewed.

We do not have federal registration for the following trademarks. Therefore, these trademarks do not have many legal benefits and rights as federally registered trademarks. If our

right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed by our parent company, X Golf America, Inc.

Trademark	Application Date	Identification Number
PLAY TRAIN ENTERTAIN	May 24, 2023	98011261

### Determinations

On May 23, 2023 X-Golf America, Inc., our parent corporations, filed with the United States Patent and Trademark Office an application for registration for “The Home of Indoor Golf.” A letter of protest was filed by St Andrews Links Ltd claiming a likelihood of confusion with the trademark for "Home of Golf". On April 23, 2024, there was a Nonfinal Office Action refusing registration of the trademark based on the likelihood of confusion with the "Home of Golf" mark owned by St. Andrews Links Ltd. On October 24, 2024, a 60-day extension to complete the transfer was requested. A letter of suspension was issued by the USPTO on October 30, 2024. As of the date of this disclosure document there is an agreement in principle for X-Golf America, Inc. to assign the the trademark application for and mark of "The Home of Indoor Golf" to St. Andrews. This agreement will provide for terms allowing our franchisees to continue to use “The Home of Indoor Golf” in the operation of their franchises.

Other than the above disclosure there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### Agreements

Pursuant to a Product License and Distribution Agreement (the “PLDA”) between RD-Tek and our parent XGOLF America, Inc. (“XGA”) dated September 6, 2019, RD-Tek licensed to XGA the trademark described above, along with all other trademarks, trade names, service marks, and other branding along with all goodwill therein related to X-Golf products and services. RD-Tek also licensed patents related to X-Golf to XGA. In the PLDA, RD-Tek also appointed XGA as its sole and exclusive distributor of X-Golf products and software in the United States and Canada. The PLDA agreement is of perpetual duration. Either party may terminate the agreement if (1) the other party violates the agreement and fails to cure for more than 90 days after written notice or (2) the other party files a petition in bankruptcy, is declared bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, goes into liquidation or receivership, otherwise

loses legal control of its business involuntarily, or discontinues its business operations. In the event of termination, the licenses granted by RD-Tek to XGA will remain in effect.

Pursuant to a Trademark Sublicense Agreement, dated September 6, 2019, XGA sublicenses the trademarks to us for the purpose of franchising. This agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be terminated by XGA only if we discontinue commercial use of the trademarks for a continuous period of more than one year. Our rights under the Trademark Sublicense Agreement are limited by the rights granted to XGA in the PLDA. The Trademark Sublicense Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

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

### Patents

In the Product License and Distribution Agreement (the “PLDA”) between RD-Tek and our parent XGOLF America, Inc. (“XGA”) dated September 6, 2019, RD-Tek licensed to XGA the following patents and applications:

- (i) Title: Eight-Directional Controlled Dynamic Plate Based on One-Point  
Patent No.: US 8,545,341  
Inventors: Song Hwan Choi  
Assignee: RD-TEK Co Ltd.  
Expires: January 17, 2032
  
- (ii) Title: Low Ground Clearance-Type Ball Supply Device  
Patent No.: US 8,840,482  
Inventors: Song Hwan Choi  
Assignee: RD-TEK Co Ltd.  
Expires: March 12, 2033
  
- (iii) Title: Golf Simulator, and Golf Simulation Method  
Patent No.: US 10,456,651  
Inventors: Song Hwan Choi  
Assignee: RD-TEK Co Ltd.  
Expires:

The terms of the PLDA are described in Item 13.

### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

## Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All customer data and other non-public data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your X-Golf business.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your X-Golf business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

### Your Participation

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business has multiple owners, you must designate one owner as your “Principal Executive”. The Principal Executive is the owner primarily responsible for the business and has decision-making authority on behalf of the business. The Principal Executive must own at least 15% of the business, unless we waive this requirement for you. The Principal Executive must devote substantial time and attention (at least 20 hours per week) to the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B). We do not require owners’ spouses to sign a personal guaranty unless the spouse is also an owner.

### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

### Restrictions on Your Manager

If we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law or that prohibits a person from being employed by another X-Golf business. We do not require you to place any other restrictions on your manager.

## **Item 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services (including menu items and beverages) that we have approved.

You must offer for sale all goods and services (including menu items and beverages) that we require. This includes offering memberships and operating leagues according to our requirements. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

### **Minimum and Maximum Prices**

To the extent permitted by federal and state laws, to maintain uniformity and pricing viability of our franchise system, we reserve the right to require that your franchise advertise and charge minimum and maximum prices as we may determine in our sole discretion.

**Item 17**

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

**THE FRANCHISE RELATIONSHIP**

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

**Individual Franchise Agreement:**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	§ 3.1	The term of the franchise agreement is 10 years.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for up to two additional terms of five years each.
c. Requirements for franchisee to renew or extend	§§ 3.2, 18.11	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; have not defaulted more than twice under the franchise agreement; complied with all requirements of ethics and values; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); pay renewal fee; sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term.</p>
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you (subject to state law).
e. Termination by franchisor without cause	Not Applicable	

Provision	Section in franchise or other agreement	Summary
f. Termination by franchisor with cause	§ 14.2	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; fail to open by specified deadline; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of ethics and values; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations; three defaults in 12 months; cross-termination; operate in a manner dangerous to health or safety (if not corrected within 48 hours); score below 90/A on government health inspections more than twice in 36 months; charge, plea to, or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify cancel assumed names; cancel or transfer phone, post office boxes, directory listings, and digital marketing accounts; cease doing business; remove identification; purchase option by us.
j. Assignment of contract by franchisor	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	No transfers without our approval.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	§ 14.6	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business for fair market value.
p. Death or disability of franchisee	§§ 2.4, 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory (or of your site selection area if no territory had been set) or of the territory of any other X-Golf business operating on the date of termination or expiration.
s. Modification of the agreement	§ 18.4	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
		right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the franchise agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the franchise agreement or in any other related written agreement is intended to disclaim representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Los Angeles, California) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	California (subject to applicable state law).

**Multi-Unit Development Agreement:**

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2.1	Negotiated based on the number of -GOLF locations to be developed.
b. Renewal or extension of the term	Section 3.1	N/A
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	Section 7.1	N/A. Termination does not affect Franchise Agreements already in effect.

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
f. Termination by us with cause	Section 7.1	If you materially breach the Agreement or commit any one of several listed violations as described below. Termination does not affect Franchise Agreements already in effect.
g. “Cause” defined—curable defaults	Section 7.1	Notice and cure period is 10 days for monetary defaults, 60 days for failure to comply with the minimum development schedule and 30 days for other defaults. These defaults include: bankruptcy, insolvency, appointment of a receiver or general assignment for creditors; loss of necessary permit or license; other defaults under the Multi-Unit Agreement.
h. “Cause” defined—non-curable defaults	Section 7.1	Material misrepresentations or dishonesty; any assignment without consent; conviction of a crime; substance abuse that materially interferes with the operation of the Multi-Unit Developer’s business; any conduct that reflects materially and adversely on the operation or reputation of the Franchise Marks or Franchise System; multiple defaults.
i. Your obligations on termination/non-renewal	Section 7.1	Pay all amounts owed to us; return to us all materials belonging to us; and cease using the Franchise Marks, confidential information, copyrighted materials, signs, advertising and other property.
j. Transfer by us	Section 8.1	We may transfer our rights under the Multi-Unit Agreement to any person if adequate provision has been made for providing further required contractual services.
k. “Transfer” by you—defined	Section 8.1	Includes transfer of any interest in the Multi-Unit Agreement.
l. Our approval of a transfer by you	Section 8.1	You must have our written consent to transfer your Agreement. We will not unreasonably withhold consent.

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
m. Conditions for our approval of the transfer	Section 8.1	New franchisee qualifies; at our option, new Multi-Unit Development Agreement signed, or existing Multi-Unit Agreement assigned; transferee completes training; Multi-Unit Developer is current in its obligations, terms of transfer do not place unreasonable burdens on transferee; release signed; and transfer fee paid.
n. Our right of first refusal to acquire your business	Section 8.1	We can match any offer for the purchase of your business.
o. Our option to purchase your business	None	NA
p. Your death or disability	None	Your estate may continue to operate the franchise if estate appoints a full-time manager that completes our training program within 90 days of the death or disability.
q. Non-competition covenants during the term of the franchise	Section 12.1	Same as Franchise Agreement
r. Non-competition covenants after the franchise is terminated or expires	Section 12.1	Same as Franchise Agreement
s. Modification of the agreement	Section 13.1	No modifications unless in writing, but specifications subject to change by us.
t. Integration/merger clause	Section 13.1	Only the terms of the Development Agreement are binding (subject to applicable state law); however, we do not disclaim, and you do not waive reliance on any representations made in this disclosure document or in its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 12.1	Except for actions for injunctive relief, all disputes are subject to negotiation and binding arbitration.

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
v. Choice of forum	Section 12.1	Arbitration must be in California. Actions by you must and actions by us requiring injunctive relief may be brought in the federal courts in Los Angeles, CA or in the state courts in Los Angeles, CA if the federal courts do not have jurisdiction (subject to applicable state law). Subject to applicable law..
w. Choice of law	Section 12.1	Except for the Federal Arbitration Act, California law applies. Subject to applicable law.

**Item 18  
PUBLIC FIGURES**

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

**Item 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**Table 1: Store Sales Per Simulator**

<b>Year</b>	<b># of Stores</b>	<b>Low</b>	<b>High</b>	<b>Avg</b>	<b>Median</b>	<b># (%) Above Avg</b>
2024	99	\$38,000	\$185,000	\$99,000	\$97,000	47 (47%)
2023	69	\$67,000	\$187,000	\$113,000	\$112,000	34 (49%)

Notes:

1. Table 1 is a historic financial performance representation. It is not a projection of future performance. The sales information is based on reports from franchisee point-of-sale systems. The dollar amounts are rounded to the nearest 1,000.

2. All Stores in Tables 1 and 2 were open for at least twelve (12) months.

3. Table 1 shows the results of 99 X-Golf businesses in 2024 and 69 X-Golf businesses in 2023. There were a total of 70 X-Golf businesses in operation for all of 2023, but one X-Golf business was excluded because it temporarily closed while it relocated to new premises.. There were 122 franchised units in 2024 but only 99 were open for a full year. All outlets were franchised.

4. The X-Golf outlets ranged from 5 simulators to 10 simulators. Most locations in 2024 (83 outlets) had 6, 7, or 8 simulators. We currently require franchisees to have at least 6 simulators.

5. Your outlet may differ from these outlets in the number of X-Golf simulators available to customers (although you must have at least six simulators). Your outlet may also differ materially in characteristics such as length of time in operation, square footage, geographic location, trade area demographics, accessibility, visibility, degree of competition, and other factors.

“Sales” means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns. “Store Sales Per Simulator” is an outlet’s total Sales in 2023 divided by the number of simulators at the outlet.

**Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you’ll sell as much.**

Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, X GOLF Franchise Corporation 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 Ryan D’Arcy, 1963 Del Amo Blvd, Torrance, CA 90501 (323) 400-6611, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2022 to 2024**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 4 Net Change</b>
Franchised	2022	43	70	+27
	2023	70	99	+29
	2024	99	122	+23
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024		4	+4
Total Outlets	2022	43	70	+27
	2023	70	98	+28
	2024	98	124	+26

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

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Illinois	2022	0
	2023	0
	2024	1
Michigan	2022	2
	2023	1
	2024	0
Minnesota	2022	0
	2023	0
	2024	0
Pennsylvania	2022	0
	2023	1
	2024	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Illinois	2022	0
Total	2022	2
	2023	2
	2024	1

**Table 3**  
**Status of Franchised Outlets**  
**For years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Colorado	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Connecticut	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Georgia	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Illinois	2022	5	6	0	0	0	0	11
	2023	11	1	0	0	0	0	12
	2024	12	1	0	0	0	0	13
Indiana	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Iowa	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Kansas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maine	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	3	0	0	0	0	5
Massachusetts	2022	2	3	0	0	0	0	5
	2023	5	2	0	0	0	0	7
	2024	7	1	0	0	0	0	8
Michigan	2022	12	1	0	0	0	0	13
	2023	13	2	0	0	0	0	15
	2024	15	0	0	0	0	0	15
Minnesota	2022	4	0	0	0	0	0	4
	2023	4	3	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Missouri	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	3	0	0	0	0	6

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Nebraska	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	2	0	0	0	0	5
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	0
North Dakota	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Ohio	2022	1	2	0	0	0	0	3
	2023	3	4	0	0	0	0	7
	2024	7	2	0	0	0	0	9
Oregon	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Pennsylvania	2022	2	2	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Rhode Island	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
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

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
South Dakota	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Texas	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Utah	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Washington	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	2	0	1
Wisconsin	2022	5	1	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Total	2022	43	27	0	0	0	0	70
	2023	70	28	0	0	0	0	98
	2024	98	22	0	0	2	0	122

**Table 4**  
**Status of Company-Owned Outlets**  
**For years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
New Jersey	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Washington	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0		2	0	0	2
Washington, D.C.	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	2	2	0	0	4

**Table 5**  
**Projected Openings As Of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company Owned Outlets In the Next Fiscal Year
Arizona	1	1	0
California	1	1	0
Connecticut	1	1	0
Delaware	1	1	0
Florida	2	2	0
Georgia	0	1	0
Illinois	2	4	0
Iowa	1	0	

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets In The Next Fiscal Year</b>	<b>Column 4 Projected New Company Owned Outlets In the Next Fiscal Year</b>
Maryland	0	2	0
Massachusetts	3	2	0
Missouri	2	2	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New York	0	0	0
North Carolina	0	0	0
Ohio	2	2	0
Oregon	1	1	0
Pennsylvania	1	1	0
Rhode Island	1	1	0
Tennessee	2	2	0
Texas	0	1	0
Virginia	1	1	0
Washington	1	1	0
Wisconsin	1	1	0
<b>Totals</b>	<b>24</b>	<b>26</b>	<b>1</b>

### Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

### Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, transferred, 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 have not communicated with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers.

## Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

## Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

Exhibit F contains our audited financial statements as of December 31, 2024, December 31, 2023, and December 31, 2022.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements

## **Item 23 RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## EXHIBIT A

### STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

### SUMMARY PAGE

- |                                     |                                 |
|-------------------------------------|---------------------------------|
| <b>1. Franchisee</b>                | _____                           |
| <b>2. Initial Franchise Fee</b>     | \$40,000                        |
| <b>3. Site Selection Area</b>       | _____                           |
| <b>4. Business Location</b>         | _____                           |
| <b>5. Protected Store Territory</b> | ___-mile radius around Location |
| <b>6. Opening Deadline</b>          | 12 months after Effective Date  |
| <b>7. Principal Executive</b>       | _____                           |
| <b>8. Franchisee's Address</b>      | _____                           |

## FRANCHISE AGREEMENT

This Agreement is made between X GOLF Franchise Corporation, a California corporation (“XGF”), and Franchisee effective as of the date signed by XGF (the “Effective Date”). References to “We” or “Us” shall mean XGF and references to “You” shall mean Franchisee.

### **Background Statement:**

A. XGF has created and owns a system (the “System”) for developing and operating a business that provides golf simulator training and entertainment services as well as food and beverage services under the trade name “X-Golf”.

B. The System includes (1) methods, procedures, and standards for developing and operating an X-Golf business, (2) plans, specifications, equipment, signage, and trade dress for X-Golf businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by XGF from time to time.

C. The parties desire that XGF license the Marks and the System to Franchisee for Franchisee to develop and operate an X-Golf business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, or judgment, or appeal thereof, whether formal or informal.

“**Adjusted Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Adjusted Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Adjusted Gross Sales). Adjusted Gross Sales includes payments by customers for memberships and lesson programs when the customer makes the payment, regardless of when the services are provided.

“**Advertising and Promotional Content**” means all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to X-Golf or the Business, including without limitation any printed materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, leaflets, direct mail materials, coupons, and published advertisements); promotional items (such as branded specialty and novelty items, products, and clothing); audio or video advertising (such as radio, television, or podcast ads or online video postings); and Digital Marketing.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by XGF.

“**Business**” means the X-Golf business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers indoor golf simulators.

“**Confidential Information**” means all non-public information of or about the System, XGF, and any X-Golf business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Data Security Event**” means any act, both actual or suspected, that initiates either internally or from outside the Business’ computers, point-of-sale terminals, and other technology or networked environment and violates any laws or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the System, other X-Golf businesses, or their data or to view, copy, or use Privacy Information or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of data; and changes to system hardware, firmware, or software characteristics without XGF’s knowledge, instruction, or consent.

“**Digital Marketing**” means social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, branded content social media campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications that are intended to promote X-Golf and/or the Business.

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Location**” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of XGF’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means XGF’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing Fund**” means the fund established by XGF into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by XGF from time to time for use in an X-Golf business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Privacy Information**” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver’s license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer’s interaction with an internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available; personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer’s preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new X-Golf business.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which XGF requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by XGF, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), environmental protection and sustainability, equipment, inventory, maintenance, marketing and public relations, minimum numbers and types of personnel, operating days, operating hours, presentation of Marks, product and service

offerings, quality of products and services (including any guaranty and warranty programs), refund and replacement policies, reporting, safety procedures, security systems, Technology, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

“**Technology**” means point-of-sale systems, back-office systems, information management systems, customer-facing software, all software relating to operation of golf simulators and other equipment necessary to the operation of a franchise, all other software, hardware, computers, computer peripheral equipment, cash registers, smartphones, tablets, and similar equipment; communications systems (including email, audio, and video systems); backup and archiving systems; payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and internet access, as well as upgrades, supplements, and modifications to any Technology.

“**Territory**” means the Protected Store Territory stated on the Summary Page, measured as a radius from the front door of the Business. If no Protected Store Territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee, or (iv) control of the Business.

“**XGA**” means X GOLF America, Inc., a California corporation, or any successor thereto as the vendor of X-Golf Simulators.

“**X-Golf Simulator**” means a golf simulator machine offered and sold by XGA, including all hardware and software.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** XGF grants to Franchisee the right to operate an X-Golf business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate an X-Golf business at the Location for the entire term of this Agreement. Franchisee shall exert its best efforts to promote and enhance the Business. Notwithstanding the above, this Protected Territory is not exclusive as we may operate or authorize another person to operate an X-Golf franchise in a public facility, such as train station, bus station, shopping mall/center, airport, park, amusement park, arena or stadium within your territory, or in any geographic area, if it is located off a highway exit (“Non-traditional Venues”). Also, if your Franchise Location is in a densely populated urban area (such as a major downtown area), your territory may be an area

that is less than one (1) mile. In that case, the Protected Territory will be mutually agreed upon and will be stated in your “Location Acceptance Letter” of this Agreement.

**2.2 Protected Territory.** In the Territory, XGF shall not establish, nor license the establishment of, another business that combines golf simulator training and entertainment services with food and beverage services under the trade name “X-Golf”. XGF and its affiliates retain the right to do any of the following (all without any compensation to Franchisee):

- (i) establish and license others to establish and operate X-Golf businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;
- (ii) operate and license others to operate businesses anywhere, including within the Territory, that sell the same or similar goods or services as an X-Golf business under trademarks or service marks that are not the same as or similar to the Marks; and
- (iii) sell and license others to sell any products and services in the Territory under any trademarks or service marks (including the Marks) through channels of distribution (including the internet) other than X-Golf outlets;
- (iv) acquire or be acquired by (under any form of business transaction) a Competitor that has (or may in the future have) outlets in the Territory which compete with the Business under trademarks or service marks other than the Marks; and
- (v) engage in any action not specifically precluded by the express terms of this Agreement.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify XGF within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. XGF is entitled to rely on any communication, decision, or act by the Principal Executive as being the communication, decision, or act of Franchisee. The Principal Executive must have at least 15% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention (at least 20 hours per week) to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to XGF’s reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to XGF, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to XGF that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for ten years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for the Location for up to two additional periods of five years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies XGF of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with XGF (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee did not (A) receive written notice of default under this Agreement from XGF more than twice during the term, or (B) failed to cure a written notice of default under this Agreement within the cure period (if any) provided in this Agreement;
- (iv) Franchisee and its Owners complied with Section 7.24 of this Agreement at all times during the term;
- (v) Franchisee has made or agrees to make (within a period of time acceptable to XGF) renovations and changes to the Business as XGF requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (vi) Franchisee and its Owners execute XGF’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than originally granted to Franchisee;
- (vii) Franchisee pays a renewal fee of 50% of then current initial franchise fee and
- (viii) Franchisee and each Owner executes a general release (on XGF’s then-standard form) of any and all claims against XGF, its affiliates, and their respective owners, officers, directors, agents and employees.

## ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** Franchisee shall pay XGF a monthly royalty fee (the “Royalty Fee”) equal to 7% of Adjusted Gross Sales. The Royalty Fee for any given month is due on the 10<sup>th</sup> day of the following month. Annual royalty on simulators shall decrease to 3.5% for the balance of the calendar year in the following circumstances: (i) if you have 6 simulators and total sales exceed 810K during the year; (ii) if you have 7 simulators and total sales exceed 945k during the year; or (iii) if you have 8 simulators and total sales exceed \$1,080,000 during the year. We have right to increase the royalty discount threshold based on inflation and other market factors in the economy in the future upon 45 days notice.

### **4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. Franchisee shall pay XGF a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 1% of Franchisee’s Adjusted Gross Sales (or such lesser amount as XGF determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Adjusted Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

**4.4 Replacement / Additional Training Fee.** If XGF trains a manager or other employee of Franchisee after opening, XGF may charge its then-current training fee. As of the date of this Agreement, the training fee is \$3,500 per person. If we train a new manager you select after you open, we will charge our then-current training fee plus expenses of travel, lodging and meals. If you request us to install and implement a new manager for your franchise, our fee will be \$500 per day plus travel, lodging and meals.

**4.5 Non-Compliance Fee.** XGF may charge Franchisee \$250 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to XGF) which Franchisee fails to cure after 30 days’ notice. Thereafter, XGF may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of XGF’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of XGF’s other rights and remedies (including default and termination under Section 14.2).

**4.6 Alcohol Sales.** If applicable law (state or local) prohibits or restricts Franchisee’s ability to pay (or XGF’s ability to collect) Royalty Fees or other amounts based on Adjusted Gross Sales derived from the sale of alcoholic beverages by the Business, or if such law would require XGF be licensed to sell alcoholic beverages, then the parties will exclude alcoholic beverage sales from

Adjusted Gross Sales and mutually agree on a substitute so as to provide the same basic economic effect to both parties.

**4.7 Relocation Fee.** If we approve you must pay a relocation fee equal to the average monthly royalty during the four (4) month period prior to your moving date, to be paid monthly until the day the relocated store opens. Such payments will be prorated as to any partial month.

**4.8 Technology Fee.** \$1500 per quarter. We may increase the Technology Fee, up to a maximum of 2% of gross sales, with 30 days prior notice to you

**4.9 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to XGF by pre-authorized bank draft or in such other manner as XGF may require. Franchisee shall comply with XGF's payment instructions, including executing all documents reasonably required by XGF.

(b) Calculation of Fees. Franchisee acknowledges that XGF has the right to remotely access Franchisee's point-of-sale system to calculate Adjusted Gross Sales. If requested by XGF, Franchisee shall report monthly Adjusted Gross Sales to XGF.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. XGF may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection and Enforcement. Franchisee shall repay any costs incurred by XGF in attempting to collect payments owed by Franchisee or to enforce any other provision of this Agreement (including, without limitation, reasonable attorney fees).

(f) Application. XGF may apply any payment received from Franchisee to any obligation and in any order as XGF may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to XGF any fees or amounts described in this Agreement are not dependent on XGF's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for (and shall immediately remit to XGF upon demand) all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to XGF or its affiliates and on services or goods furnished to Franchisee by XGF or its affiliates, unless the tax is an income tax assessed on XGF or its affiliate for doing business in the state where the Business is located.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** XGF shall make its Manual available to Franchisee, in such format as XGF deems appropriate.

### **5.2 Pre-Opening Assistance.**

(a) Selecting Location. XGF shall provide its criteria for X-Golf locations to Franchisee. XGF will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Design. XGF shall advise Franchisee regarding floor plans and interior/exterior design. Franchisee's plans and designs must be submitted to XGF for approval as set forth in Section 6.3.

(c) Vendors. To the extent applicable, XGF shall provide its specifications and list of Approved Vendors and/or Required Vendors for equipment, signs, fixtures, opening inventory, and supplies to open the Business.

(d) Business Plan Review. If requested by Franchisee, XGF shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that XGF accepts no responsibility for the performance of the Business.**

(e) Pre-Opening Training. XGF shall make available its standard pre-opening training to the Principal Executive and up to 2 other employees, at XGF's headquarters and/or at an X-Golf business designated by XGF. XGF shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. XGF reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(f) Market Introduction Plan. XGF shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

### **5.3 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, XGF will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent XGF deems reasonable. If XGF provides in-person support in response to Franchisee's request, XGF may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, XGF shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. If Franchisee requests, XGF shall provide Franchisee with XGF's recommended administrative, bookkeeping, accounting, and inventory control procedures. XGF may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. XGF shall manage the Marketing Fund.

(e) Internet. XGF shall maintain a website for X-Golf, which will include Franchisee's location and telephone number. Alternately, XGF may maintain a separate website or subwebsite for Franchisee's location.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page, then Franchisee shall identify a potential Location within the Site Selection Area described on the Summary Page. Franchisee acknowledges that Franchisee does not have any territorial or other rights to the Site Selection Area and that it is only provided for the purpose of delineating the area within which Franchisee must locate an acceptable Location for the Business. Franchisee shall submit its proposed Location to XGF for acceptance, with all related information and documents XGF may request. If XGF does not accept the proposed Location in writing within 30 days, then it is deemed rejected. When XGF accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. XGF shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document. **XGF's advice regarding or acceptance of a proposed location is not a representation or warranty that the Business will be successful, or that the Business is permitted to be operated at the Location under applicable laws or zoning ordinances, and XGF has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by XGF, Franchisee must submit the proposed lease to XGF for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by XGF. Franchisee must have a lease for an accepted Location executed within 120 days after the Effective Date. Franchisee may extend this deadline by up to 30 days by giving notice of extension to XGF prior to the expiration of the 120-day period.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with XGF's System Standards. If required by XGF, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining XGF's approval of Franchisee's plans, and without first obtaining any required permits or licenses necessary to commence such construction or remodeling work, including floor plans and interior and exterior design). Franchisee must engage a qualified licensed general contractor to perform such construction or remodeling work. XGF may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by XGF or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and XGF assumes no liability with respect thereto. XGF's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive and Franchisee's designated manager must complete XGF's training program for new franchisees to XGF's reasonable satisfaction at least four weeks before opening the Business. If required by XGF, Franchisee's principal executive and designated personnel must also participate in sales training provided by a third-party vendor designated by XGF, at Franchisee's expense.

**6.5 Conditions to Opening.** Franchisee shall notify XGF at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) XGF has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of XGF's required pre-opening training; and (7) XGF has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page. For each 30-day period that Franchisee fails to open beyond such deadline, XGF will charge \$5,000 per month for each of the first six months, and thereafter \$10,000 per month. Payment is due within 10 days after invoice from XGF. XGF reserves the right to waive the fee if the delay is due to circumstances beyond Franchisee's control. Franchisee's breach of its obligation to open the Business by the deadline is also a default hereunder and grounds for termination as provided in Section 15.2(c). If XGF chooses to impose the monthly charge rather than immediately terminate for such default, then each payment will be deemed to extend the opening deadline by 30 days from the original opening deadline.

**6.7 Damage to the Location.** If the Location is damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than one month following such casualty, initiate repairs of or the process for reconstruction of the Location, and Franchisee shall in good faith and with due diligence continue until such repairs or reconstruction are complete. Any repairs or reconstruction shall comply with the System Standards (including the then-current design and décor) and the requirements of this Agreement.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee's compliance with all System Standards is of the utmost importance to XGF.

### **7.2 Compliance with Law.**

(a) Generally. Franchisee and the Business shall comply with all laws, rules, regulations, and ordinances. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business. Franchisee is solely responsible for all such compliance, notwithstanding any information provided by XGF.

(b) Health Inspection Scores. Franchisee must achieve a health code inspection score of 90, “A” or higher pursuant to the grading or rating system of the applicable governmental authority. Franchisee will provide XGF a copy of any inspection report and score within two business days after receipt.

### **7.3 Products and Services.**

(a) Generally. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by XGF in the Manual or otherwise in writing. Franchisee shall offer all products and services in the manner required by XGF, which may include (without limitation) offering memberships and operating leagues according to applicable System Standards.

(b) Menu. Without limiting the generality of subsection (a), Franchisee shall offer all menu items and beverages, and only those menu items and beverages, from time to time prescribed by XGF in the Manual or otherwise in writing. Franchisee shall follow all recipes prescribed by XGF, including, without limitation, use of all ingredients specified or authorized by XGF, and only such ingredients. Franchisee shall maintain sufficient levels of inventory at all times.

(c) Method of Sale. Franchisee shall make sales only at the Location. Unless otherwise approved or required by XGF, Franchisee shall not make sales by any other means, including without limitation by delivery, by mail order or over the internet, or at satellite locations.

(d) Prices. Franchisee retains the discretion to determine the prices it charges for products and services, provided that, subject to applicable law, XGF reserves the right to set minimum prices for X-Golf products and services on a local, regional, or national basis.

(e) Non-Standard Offerings by Franchisee. If Franchisee desires to offer a product or service which is not part of XGF’s standard offerings, then as part of XGF’s conditions for approving the product or service, XGF may require Franchisee to pay a fee (either one-time or on a recurring basis), which may be in lieu of or may be in an addition to the standard Royalty Fee and Marketing Fund Contribution.

(f) Minimum and Maximum Prices. Franchisor will provide guidance on the pricing of the products and services sold by Franchisee. Franchisee must follow any minimum and maximum pricing guidelines specified by Franchisor, subject to applicable law.

**7.4 X-Golf Simulators.** Franchisee must acquire and operate at least six X-Golf Simulators from XGA. Franchisee must maintain, use, and operate each X-Golf Simulator according to processes and procedures determined by XGF or XGA. Franchisee must accept any maintenance, support, upgrades, or other services provided by or required by XGF or XGA related to the X-Golf Simulators. Franchisee shall not replicate, modify, or alter any of the X-Golf Simulator hardware or software. XGA (or any other entity designated by XGA or XGF) will provide service and support to the X-Golf Simulators to the extent it deems reasonably appropriate at no additional charge to Franchisee, provided, however, that (i) XGF and XGA reserve the right to institute reasonable fees in the future for maintenance and support for hardware or software, specific courses and activities, optional services, and other related activities, and (ii) the service and support

obligation described in this paragraph may be modified or superseded by any future terms, agreement, or other written statement from XGF or XGA.

## **7.5 Personnel.**

(a) Management. The Business must employ a full-time general manager that has completed XGF's management training program. If the general manager leaves employment for any reason, Franchisee must have a replacement general manager complete training within 90 days.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards set forth in the Manual.

(d) Qualifications. XGF may set minimum qualifications for categories of employees employed by Franchisee.

(e) Staffing. Franchisee must hire or engage a sufficient number of personnel to service its volume of business, and Franchisee must comply with any System Standards regarding minimum staffing levels.

(f) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all the terms and conditions of employment of all of its personnel, including recruiting, hiring, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and XGF are not joint employers, and no employee of Franchisee will be an agent or employee of XGF. Within seven days of XGF's request, Franchisee and each of its employees must sign an acknowledgment form stating that Franchisee alone (and not XGF) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

**7.6 Post-Opening Training.** XGF may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by XGF. XGF may charge a reasonable fee for any training programs. XGF may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Technology.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all Technology required by XGF. XGF has the right to prohibit Franchisee from using any Technology which is not approved or required by XGF. Franchisee shall enter into any subscription and support agreements related to the Technology that XGF may require. Franchisee shall upgrade, update, or replace any Technology from time to time as XGF may require. Franchisee shall protect the confidentiality and security of all Technology, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give XGF unlimited access to

Franchisee's Technology used in the Business, by any means designated by XGF. Despite Franchisee's obligation to acquire and use Technology according to System Standards, Franchisee has sole and complete responsibility for: (a) acquiring, operating, maintaining, and upgrading Franchisee's Technology; (b) the manner in which Franchisee's Technology interfaces with XGF's and any third party's computer system; (c) any and all consequences if Franchisee's Technology is not properly operated, maintained, and upgraded; (d) complying at all times with the most current version of the Payment Card Industry Data Security Standards, and (e) complying at all times with all laws governing the use, disclosure, and protection of Privacy Information.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. XGF may take any action it deems appropriate to resolve a customer complaint regarding the Business, and XGF may require Franchisee to reimburse XGF for any expenses and costs including legal fees (provided that Franchisee will not be responsible for such expenses unless XGF first gives Franchisee notice and at least 14 days to resolve the customer complaint directly.)

**7.9 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by XGF for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. XGF shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any reasonable minimum score requirements set by XGF for such programs.

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by XGF (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by XGF.

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by XGF, in the manner specified by XGF in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another X-Golf business. If Franchisee honors a gift card or other pre-paid system sold by another location, or vice versa, XGF and Franchisee will cooperate so that the cash received is fairly allocated to the location where that gift card or other pre-paid system is redeemed (subject to fees and charges). Franchisee shall comply with all procedures and specifications of XGF related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription programs, or customer incentive programs.

**7.12 Cleaning, Maintenance, Repair, and Alterations.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all of the property of the Business in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as XGF may prescribe from time to time, including but not limited to periodic interior painting and replacement of obsolete or worn-out signage, floor

coverings, furnishings, equipment, and décor. If such work is reserved to Franchisee's landlord under the terms of Franchisee's lease, then Franchisee shall use reasonable efforts to cause its landlord to perform such work. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair. Franchisee shall not alter or replace the equipment, fixtures, furniture, signs, décor, or other aspects of the interior or exterior of the Business except in compliance with all applicable System Standards or except with prior approval from XGF.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, XGF may require Franchisee to undertake and complete a Remodel of the Location to XGF's satisfaction. Franchisee must complete the Remodel in the time frame specified by XGF. XGF may require Franchisee to submit plans for XGF's reasonable approval prior to commencing a required Remodel, and XGF may require Franchisee to engage a qualified licensed contractor to perform the Remodel. XGF's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel, and (iii) Franchisee will not be required to spend more than \$100,000 in any single Remodel (provided that XGF may increase this amount to reflect inflation from January 1, 2021).

**7.14 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that XGF requires, including any national or regional brand conventions or conferences. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by XGF in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence;
- (iv) separate coverage for liquor liability (commonly referred to as Dram Shop Liability) with limits of not less than \$1,000,000 single limit per occurrence;
- (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and

(vi) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list XGF and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of XGF and its affiliates, (3) be primary and non-contributing with any insurance carried by XGF or its affiliates, and (4) stipulate that XGF shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to XGF prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days of request by XGF. If you do not have required insurance, we may purchase insurance for you. You must then reimburse us in full plus a 10% administrative fee.

**7.16 Obligations to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner (subject to any good-faith disputes). Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding X-Golf, the Business, or any particular incident or occurrence related to the Business, without XGF's prior written approval, which will not be unreasonably withheld.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without XGF's prior written approval, which will not be unreasonably withheld.

**7.19 No Other Activity Associated with the Business.** Franchisee shall not engage in any business or other activity at the Location other than operation of the X-Golf Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except X-Golf businesses.

**7.20 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of XGF, which will not be unreasonably withheld.

**7.21 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by XGF. Franchisee must display at the Business signage prescribed by XGF identifying the Location as an independently owned franchise.

**7.22 Privacy Practices.**

(a) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.

(b) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.

(c) To the extent XGF does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon XGF's request, provide reasonable assistance to XGF in responding to such requests.

(d) In the event of a Data Security Event, Franchisee must notify XGF immediately after becoming aware of the Data Security Event and shall cooperate with XGF and follow all of XGF's reasonable requests to address the Data Security Event and to protect any Privacy Information and/or Confidential Information. XGF, or its designee, has the right, but not the obligation, to take any action or pursue any proceeding with respect to the Data Security Event.

**7.23 Communication.** Franchisee shall respond promptly to requests for communication from XGF and, in any event, within two business days.

**7.24 Business Practices and Values.** Franchisee and each Owner shall comply with and uphold any code of ethics or statement of values adopted by XGF. Franchisee and each Owner shall be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Neither Franchisee nor any Owner shall engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the Marks, in XGF's reasonable opinion.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by XGF from time to time in accordance with System Standards. XGF may require Franchisee to purchase or lease any Inputs from XGF, XGF's designee, Required Vendors, Approved Vendors, and/or under XGF's specifications. XGF may change any such requirement or change the status of any vendor. To make such requirement or change effective, XGF shall issue the appropriate System Standards.

**8.2 X-Golf Simulators.** Without limiting the generality of Section 8.1, Franchisee acknowledges that it must purchase X-Golf Simulators (and associated installation and maintenance services) only from XGA, and that Franchisee shall not use any other golf simulator.

**8.3 Alternate Vendor Approval.** If XGF requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by XGF. XGF may approve or disapprove the alternative vendor in its sole discretion. XGF may condition its approval on such criteria as XGF deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. XGF

will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.4 Alternate Input Approval.** If XGF requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by XGF. XGF may approve or disapprove the alternative Input in its sole discretion. XGF will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.5 Purchasing.** XGF may negotiate prices and terms with vendors on behalf of the System. XGF may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. XGF has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor, and impose a reasonable markup or charge for administering the payment program. XGF may implement a centralized purchasing system. XGF may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as XGF may determine.

**8.6 No Liability of Franchisor.** XGF and its affiliates shall not have any liability to Franchisee for any claim, loss, or other Action related to any product provided or service performed by any Approved Vendor or Required Vendor (unless XGF or its affiliate, as applicable, is the vendor) including without limitation for defects, delays, unavailability, failure, or breach of contract related to such products or services.

**8.7 Product Recalls.** If XGF or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from XGF or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item. If the recall or notice of defect is with respect to an X-Golf simulator, and if Franchisee has complied with the applicable policies and procedures of X GOLF America, Inc., then X GOLF America, Inc. will bear the cost of such recall, repair, and/or replacement.

## ARTICLE 9. MARKETING

**9.1 Advertising Standards.** Except as otherwise provided in the Manual, Franchisee may use only Advertising and Promotional Content that XGF has furnished or approved in writing in advance. Franchisee must ensure that all Advertising and Promotional Content that Franchisee uses is clear, factual, ethical, and not misleading; complies with all laws; and conforms to System Standards. Except as otherwise provided in the Manual and Advertising and Promotional Content that XGF furnishes to Franchisee, Franchisee must submit to XGF for its written approval, at least 14 days before use, copies of all proposed Advertising and Promotional Content that Franchisee intends to use or implement. If XGF does not respond, the material is deemed rejected XGF has the right to approve or disapprove any Advertising and Promotional Content, as well as the media in which Franchisee intends to use them, in its sole discretion. XGF reserves the right to require Franchisee to discontinue the use of any Advertising and Promotional Content for any reason.

**9.2 Digital Marketing.** XGF may (but is not obligated to) establish and operate all Digital Marketing and has the sole right to control all aspects of Digital Marketing, including those related to the Business. Without limiting the generality of Section 9.1, Franchisee shall not, directly or indirectly, conduct or be involved in any Digital Marketing without the prior written consent of XGF. If XGF permits Franchisee to conduct any Digital Marketing, Franchisee must (a) comply with any System Standards and must immediately modify or delete any Digital Marketing that XGF determines, in its sole discretion, is not compliant with such System Standards; (b) only use materials that XGF has approved and submit any proposed modifications to XGF for approval; (c) not use any Mark (or words or designations similar to any Mark) in any domain name, electronic address, website, or other source identifier except as XGF expressly permits; (d) include only the links that XGF approves or requires; and (e) immediately take all actions necessary or that XGF requests to provide XGF with access to, or to transfer ownership of, all Digital Marketing relating to the Business to Franchisor, including, without limitation, providing login and password details and promptly signing all directions and authorizations as XGF deems necessary to effect the intent and provisions of this Section. If Franchisee uses any Mark (or words or designations similar to a Mark) in any domain name, electronic address, website, or other source identifier, XGF may register such name, address, website, or identifier and then license use of the registered item back to Franchisee under a separate agreement. Franchisee must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that XGF approves and maintains on Franchisee's behalf. XGF may withdraw its approval for any Digital Marketing at any time.

**9.3 Implementation.** Franchisee shall implement any advertising or marketing materials, plans or campaigns (including Digital Marketing) required by XGF.

**9.4 Use by XGF.** XGF may use any Advertising and Promotional Content developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to XGF for such purpose.

**9.5 Marketing Fund.** XGF may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If XGF has established a Marketing Fund:

(a) Separate Account. XGF shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from XGF's other accounts.

(b) Use. XGF shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead for X-Golf. The foregoing includes such activities and expenses as XGF reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of XGF's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at XGF's sole discretion, and XGF has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. XGF is not obligated to (i) have all other X-Golf businesses (whether owned by other franchisees or by XGF or its affiliates) contribute to the Marketing Fund, or (ii) have other X-Golf businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. XGF may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, XGF may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. XGF shall prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of XGF's fiscal year and will provide the financial statement to Franchisee upon written request.

**9.6 Market Cooperatives.** XGF may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from XGF. XGF shall not require Franchisee to be a member of more than one Market Cooperative. If XGF establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by XGF. XGF may require the Market Cooperative to adopt bylaws or regulations prepared by XGF. Unless otherwise specified by XGF, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. XGF will be entitled to attend and participate in any meeting of a Market Cooperative. Any X-Golf business owned by XGF in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, XGF may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to XGF's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of XGF pursuant to

Section 9.1. XGF may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Adjusted Gross Sales.

(e) Enforcement. Only XGF will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. XGF may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be returned to the former members.

**9.7 Required Spending.** Franchisee shall spend at least 5% of Adjusted Gross Sales each fiscal quarter on marketing the Business. Within 10 days after request by XGF, Franchisee shall furnish proof of its compliance with this Section. XGF has the discretion to determine in good faith what activities constitute “marketing” under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section.

**9.8 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain XGF’s approval of the plan at least 30 days before the projected opening date of the Business. Franchisee must spend at least \$5,000 on the market introduction plan.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as XGF may specify in the Manual or otherwise in writing.

### 10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as XGF may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information XGF requests in order to prepare a financial performance representation for XGF’s franchise disclosure document, within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify XGF of any Action or threatened Action by any customer, governmental authority, or other third party against

Franchisee or the Business, or otherwise involving Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as XGF may request.

(c) **Government Inspections.** Franchisee shall give XGF copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) **Other Information.** Franchisee shall submit to XGF such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that XGF may reasonably request (either upon specific request or on a regular basis as directed by XGF, as applicable). XGF acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant XGF the right to access personnel records of Franchisee's employees.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to XGF a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of XGF's Franchise Disclosure Document and with such other information as XGF may reasonably request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as XGF may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** XGF may examine and audit all books and records related to the Business (other than personnel records of Franchisee's employees), and supporting documentation, at any reasonable time. XGF may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by XGF. Franchisee shall also reimburse XGF for all costs and expenses of the examination or audit if (i) XGF conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Adjusted Gross Sales by 3% or more for any 4-week period.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by XGF. XGF may supplement, revise, or modify the Manual, and XGF may change, add or delete System Standards at any time in its discretion. XGF may inform Franchisee thereof by any method that XGF reasonably deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, XGF's master copy will control.

**11.2 Inspections.** XGF may enter the premises of the Business from time to time at any reasonable time (including during normal business hours) and conduct an inspection. Franchisee shall cooperate with XGF's inspectors. XGF will use commercially reasonable efforts to not

disrupt Franchisee's business operations during any such inspection. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. XGF may videotape and/or take photographs of the inspection and the Business. XGF may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting XGF's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If XGF conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then XGF may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee (which was \$300 at the time of signing this Agreement).

**11.3 XGF's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, XGF may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse XGF for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Business Data.** All customer data collected or generated by the Business and all data collected or generated by the point-of-sale system or golf simulators (other than data regarding employees) is Confidential Information and is exclusively owned by XGF. XGF hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.5 Innovations.** Franchisee shall disclose to XGF all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee or its employees, agents, or contractors. XGF will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by XGF to document XGF's ownership of Innovations.

**11.6 Communication Systems.** If XGF provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communication systems, and authorizes XGF to access such communications.

**11.7 Communication with Employees.** Franchisee irrevocably authorizes XGF to communicate with Franchisee's employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with XGF on any matter related to the System or the Business.

**11.8 Delegation.** XGF may delegate any duty or obligation of XGF under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** XGF may vary or waive any System Standard for any one or more X-Golf franchises due to the peculiarities of the particular site or circumstances, density of

population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.12 Franchisor's Discretion.** XGF may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that XGF has a certain right, that right is absolute and the parties intend that XGF's exercise of that right will not be subject to any limitation or review. XGF has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever XGF agrees to exercise its rights reasonably or in good faith, XGF will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. XGF's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if XGF's decision or action is intended, in whole or significant part, to promote or benefit the System or the X-Golf brand generally, even if the decision or action also promotes XGF's financial or other individual interest. Examples of items that will promote or benefit the System or the X-Golf brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and X-Golf outlets.

**11.13 Temporary Management.** If (i) the Principal Executive dies or becomes incapacitated, (ii) this Agreement is terminated or expires and XGF elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in XGF's reasonable opinion, constitutes a danger to the health or safety of any person, then XGF may (but is not obligated to) enter the Location and operate and manage the Business for Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by XGF, or XGF returns the Business to Franchisee. XGF's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then XGF will account to Franchisee for all net income from the Business during the period in which XGF operates the Business. XGF may collect a temporary management fee equal to 10% of Adjusted Gross Sales for the period in which XGF operates the Business, plus all expenses (including internal costs of personnel and overhead) incurred by XGF, which is in addition to Royalty Fees, Marketing Fund Contributions, or other amounts owed under this Agreement. If XGF or a third party assumes the Business's management, Franchisee acknowledges that XGF or the third party will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any losses the Business incurs or obligations to creditors.

**11.14 Temporary Public Safety Closure.** If XGF discovers or becomes aware of any aspect of the Business which, in XGF's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon XGF's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. XGF shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## ARTICLE 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by XGF, and only in the manner as XGF may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of XGF.

**12.2 Change of Marks.** XGF may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after XGF makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

### 12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) XGF shall defend Franchisee (at XGF's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) XGF shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify XGF if Franchisee becomes aware of any possible infringement of a Mark by a third party. XGF may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. XGF shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the words "X-Golf", "XGolf" or any confusingly similar words in its legal name

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by XGF for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by XGF, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by XGF (except for Confidential Information which XGF licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### 13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse or other immediate family member of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee’s Territory or within five miles of the territory of any other X-Golf business operating on the date of expiration, termination, or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will be the Site Selection Area and within five miles of the territory of any other X-Golf business operating on the date of termination. If a given X-Golf business does not have a defined territory, then for purposes of this Section its territory will be deemed to be an 8-mile radius.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of XGF. Franchisee agrees that the existence of any claim it may have against XGF shall not constitute a defense to the enforcement by XGF of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by XGF, Franchisee shall cause its general manager and other key employees reasonably designated by XGF to sign XGF’s then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## **ARTICLE 14. DEFAULT AND TERMINATION**

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if XGF violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after XGF receives written notice of termination.

### **14.2 Termination by XGF.**

(a) Subject to 10-Day Cure Period. XGF may terminate this Agreement if Franchisee does not make any payment to XGF when due, or if Franchisee does not have sufficient funds in its account when XGF attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after XGF gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to XGF’s

satisfaction within 30 days after XGF gives notice to Franchisee of such breach, then XGF may terminate this Agreement.

(c) Without Cure Period. XGF may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to XGF;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page, unless extended pursuant to Section 6.6;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 7.24 (business practices and values), Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee ceases operation of the Business for more than 10 consecutive days (except in case of a Force Majeure), or XGF reasonably concludes that Franchisee has ceased operation of the Business;
- (viii) Franchisee or any Owner slanders or libels XGF or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by XGF or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in XGF's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from XGF or otherwise);

- (xi) Franchisee fails to meet the health inspection standards described in Section 7.2(b) two or more times in any 36-month period;
- (xii) Franchisee or any Owner is charged with, pleads guilty or non-contest to, or is convicted of a felony;
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act, or Franchisee or any Owner commits any act or series of acts, that in XGF's opinion is reasonably likely to materially and unfavorably affect the X GOLF brand;
- (xiv) Franchisee has received two or more notices of default (or a single notice of more than one default) and Franchisee commits another breach of this Agreement, all in the same 12-month period; or
- (xv) XGF (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate).

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to XGF based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to XGF all copies of the Manual, Confidential Information and any and all other materials provided by XGF to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee); and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) immediately take all action required (a) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks; and (b) to cancel or transfer to XGF or its designee all telephone numbers, post office boxes, directory listings, and Digital Marketing accounts used by Franchisee in connection with the Business or the Marks, including, without limitation, by providing login and password details and promptly signing all directions and authorizations necessary or appropriate to accomplish the foregoing. Franchisee hereby irrevocably appoints XGF, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing. The telephone company, the postal service, registrars, Internet service providers and each listing agency may accept such direction by XGF pursuant to this Agreement as conclusive evidence of XGF's exclusive rights in such accounts and its authority to direct their transfer; and

- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense “de-identify” the Location so that it no longer contains the Marks, signage, or any trade dress of an X-Golf business, to the reasonable satisfaction of XGF. Franchisee shall comply with any reasonable instructions and procedures of XGF for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, XGF may enter the Location to remove the Marks and de-identify the Location. In this event, XGF will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by XGF.

**14.5 Other Claims.** Termination of this Agreement by XGF will not affect or discharge any claims, rights, causes of action, or remedies which XGF may have against Franchisee, whether arising before or after termination.

**14.6 Purchase Option.** When this Agreement expires or is terminated, XGF will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to XGF (subject to approval of the landlord). To exercise this option, XGF must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. XGF’s purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If XGF exercises the purchase option, XGF may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee’s portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by XGF to cure defaults under Franchisee’s lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, XGF may pay a portion of the purchase price directly to the lienholder to pay off such lien. XGF may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee’s taxes and other liabilities are paid. XGF may assign this purchase option to another party.

#### **14.7 Step-In Rights – Cause for Step-In**

If we determine in our sole judgment that the operation of your franchise is in jeopardy, or if a default occurs, then in order to prevent an interruption of the business which would cause harm to the System and thereby lessen its value, you authorize us to operate your franchise for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the franchise if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your location; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the franchise as a going concern.

#### **14.8 Step-In Rights – Duties of Parties**

We shall keep in a separate account all monies generated by the operation of your franchise, less the expenses of operation, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

### **ARTICLE 15. TRANSFERS**

**15.1 By XGF.** XGF may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and XGF may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that XGF entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing XGF at least 60 days' prior notice of the proposed Transfer, and without obtaining XGF's consent (which will not be unreasonably withheld). In granting any such consent, XGF may impose conditions, including, without limitation, the following:

- (i) XGF receives a transfer fee equal to \$17,500 plus any out-of-pocket costs incurred by XGF (provided that if the Transfer is of only a minority ownership interest in Franchisee, XGF reserves the right to charge only its out-of-pocket costs);
- (ii) if a franchise sales broker engaged by XGF introduced the Transferee to Franchisee, then Franchisee will be responsible for the broker's commission;
- (iii) the proposed Transferee and its owners have completed XGF's franchise application processes, meet XGF's then-applicable standards for new franchisees, and have been approved by XGF as franchisees;
- (iv) the proposed Transferee is not a Competitor;
- (v) the proposed Transferee executes XGF's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed Transferee will not be required to pay an initial franchise fee);
- (vi) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vii) Franchisee has paid all monetary obligations to XGF and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise

in default or breach of this Agreement or of any other obligation owed to XGF or its affiliates;

- (viii) the proposed Transferee and its owners and employees undergo such training as XGF may require;
- (ix) Franchisee, its Owners, and the transferee and its owners execute a general release of XGF in a form satisfactory to XGF; and
- (x) the Business fully complies with all of XGF's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may with our reasonable approval Transfer this Agreement to a corporation, limited liability company or trust formed for the convenience of ownership after at least 15 days' notice to XGF, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by XGF, (3) Franchisee owns all voting securities of the corporation or limited liability company, (4) Franchisee provides a guaranty in accordance with Section 2.5, and (5) Franchisee pays an administrative fee of \$2500.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by XGF (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 XGF's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), XGF will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to XGF a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of XGF's receipt of such copy, XGF will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions. If XGF does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to XGF) XGF, its parent entities, subsidiaries and affiliates, and their respective owners, directors,

officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses incurred by XGF and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the development or operation of the Business (including any Data Security Event), or any act or omission of Franchisee or any of Franchisee’s Owners, officers, directors, employees, or agents. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from claims which Franchisee proves arose solely as a result of any Indemnitee’s intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

## **ARTICLE 17. DISPUTE RESOLUTION**

### **17.1 Arbitration.**

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation, and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where XGF’s headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of XGF’s intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for XGF to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, XGF and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, Franchisee will be liable for XGF's actual damages.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date of the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by XGF related to non-payment of Royalty Fees and other amounts owed by Franchisee, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where XGF's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where XGF's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

**17.7 Franchisor Personnel.** The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against XGF's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against XGF's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for XGF's conduct.

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. XGF is not a fiduciary of Franchisee. XGF does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect XGF's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. XGF has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, XGF, and XGF's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by XGF in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit XGF's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance, or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Solely with respect to the non-competition covenants of Section 13.2, the parties agree that the laws of the state where Franchisee is located shall apply, and not California law. The parties agree that any California law for the protection of franchisees or business opportunity purchasers (including the California Franchise Investment Law and California Franchise Relations Act) will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to XGF, addressed to 1963 Del Amo Blvd, Torrance, CA 90501. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, XGF may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), XGF may by giving written notice to Franchisee (the "Holdover Notice") either (i) require

Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as XGF specifies, or (ii) bind Franchisee to a renewal term of five years, collect the renewal fee this Agreement specified in Section 3.2(v), and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

**18.11 Force Majeure.** If either party is unable to perform an obligation due to riots, terrorist act, war, disaster (such as an earthquake, hurricane, or tornado), health emergency (such as epidemics, pandemic, and quarantines), or any other acts of God or nature beyond the reasonable control of such party, performance by such party of such obligation shall be excused for so long as such condition exists (but not longer than 180 days).

**18.12 Release.** By executing this Agreement, Franchisee (on behalf of itself and its Owners), releases XGF, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, representatives, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, and other liabilities, of whatever nature, known or unknown, which Franchisee or any Owner now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of any prior franchise agreement, and (to the extent permitted by law) all claims arising under franchise, business opportunity, or securities laws of the United States or any state thereof. This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

**18.13 Joint and Several Liability.** If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

**18.14 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by XGF does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and XGF.

Agreed to by:

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

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

Date: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

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

- \_\_\_\_\_ Illinois
- \_\_\_\_\_ Indiana
- \_\_\_\_\_ Maryland
- \_\_\_\_\_ Minnesota
- \_\_\_\_\_ New York
- \_\_\_\_\_ North Dakota
- \_\_\_\_\_ Ohio
- \_\_\_\_\_ Rhode Island
- \_\_\_\_\_ Virginia
- \_\_\_\_\_ Washington

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

1. **Form of Ownership.** Franchisee is a (check one):

- \_\_\_\_\_ *Sole Proprietorship*
- \_\_\_\_\_ *Partnership*
- \_\_\_\_\_ *Limited Liability Company*
- \_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by X GOLF Franchise Corporation for your X-Golf franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

## Attachment 3 to Franchise Agreement

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of X GOLF Franchise Corporation, a California corporation ("XGF").

**Background Statement:** \_\_\_\_\_ ("Franchisee") desires to enter into a Franchise Agreement with XGF for the franchise of an X-Golf business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce XGF to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to XGF and its affiliates that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to XGF or its affiliates, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and XGF or its affiliates upon demand from XGF. Guarantor waives (a) acceptance and notice of acceptance by XGF of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that XGF make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by XGF for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by XGF, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by XGF or its affiliates (except for Confidential Information which XGF licenses from another person or entity). This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee’s Territory or within five miles of the territory of any other X-Golf business operating on the date of expiration, termination, or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Site Selection Area and within five miles of the territory of any other X-Golf business operating on the date of termination. If a given X-Golf business does not have a defined territory, then for purposes of this Section its territory will be deemed to be an 8-mile radius.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of XGF. Guarantor agrees that the existence of any claim it or Franchisee may have against XGF shall not constitute a defense to the enforcement by XGF of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which XGF may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of California (without giving effect to its principles of conflicts of law). The parties agree that any California law for the protection of franchisees or business opportunity purchasers (including the California Franchise Investment Law and California Franchise Relations Act) will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. Solely with respect to the non-competition covenants of Section 3, the parties agree that the laws of the state where Guarantor is located shall apply, and not California law. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to XGF all costs incurred by XGF (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

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

\_\_\_\_\_  
Date: \_\_\_\_\_

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

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

\_\_\_\_\_  
Date: \_\_\_\_\_

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

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

\_\_\_\_\_  
Date: \_\_\_\_\_

## Attachment 4 to Franchise Agreement

### CONDITIONAL ASSIGNMENT OF BRAND ACCOUNTS

This Assignment of Brand Accounts (this “Assignment”) is executed by the undersigned (“Franchisee”) in favor of X GOLF Franchise Corporation, a California corporation (“XGF”).

**Background Statement:** XGF and Franchisee are parties to a Franchise Agreement pursuant to which XGF granted Franchisee a license to operate a X-Golf franchised business (the “Business”). XGF or its affiliates are the sole owner of the X-Golf brand and all names, logos, trademarks, service marks, and other intellectual property associated therewith. To protect XGF’s interest in and control of X-Golf, Franchisee acknowledges and agrees that XGF has the right to control all telephone numbers, directory listings, and internet marketing accounts related to X-Golf.

Franchisee agrees as follows:

- 1. Conditional Assignment.** Franchisee hereby assigns to XGF (or its designee) all of Franchisee’s rights, title, and interest in and to all telephone numbers, directory listings, email accounts, websites, social media accounts, and all other accounts and profiles for advertising and marketing on the internet or any electronic communications network (“Brand Accounts”) associated with X-Golf and registered by Franchisee from time to time in connection with the operation of Franchisee’s Business, such assignment to be effective upon (a) termination or expiration of the Franchise Agreement, or (b) notice from XGF to Franchisee, at which time XGF will have the right to assume ownership of any one or all Brand Accounts.
- 2. Transfer or Deletion.** Franchisee hereby authorizes the service provider of each Brand Account (the “Provider”) to transfer the Brand Account to XGF (or its designee) or to delete the Brand Account upon the written instruction of XGF. Franchisee hereby grants XGF an irrevocable limited power of attorney on behalf of Franchisee to direct any Provider to transfer or delete a Brand Account. In such an event, Franchisee will have no further right, title or interest in the Brand Account but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective. XGF will have no liability or obligation of any kind to a Provider arising prior the effective date of transfer or deletion. Franchisee agrees to take all reasonable steps necessary to effectuate the transfer or deletion (as determined by XGF) of each Brand Account.

*[Signatures on next page]*

Executed by:

FRANCHISEE:

*[if an individual:]*

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

Date: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

**EXHIBIT C**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

## **MULTI-UNIT DEVELOPMENT AGREEMENT**

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the “Effective Date”) by and between X-GOLF FRANCHISE CORP. (“Franchisor”, “we,” “us” or “our”) and \_\_\_\_\_, (“Developer”, or “you”), with reference to the following facts:

A. We have developed methods of operating a business that through the use of golf simulators, provides an opportunity for customers to play golf indoors on a simulator machine. In addition, each franchise locations will offer food and beverage services under the trade name X-Golf.

We refer to each franchise as a “Franchised Location.” We award franchises for qualified persons to own and operate franchises using the X GOLF system including a license to use the X GOLF name and trademarks.

B. You desire to have the right and obligation to open a specified number of franchises in a designated territory on or before certain dates. We desire to grant to you such right and obligation, subject to the terms and upon the conditions contained in this Agreement. You and we agree to the following provisions.

### **1.1 Development Territory and Development**

A. We will not award a franchise to anyone other than you, or open An X- GOLF location owned by us, in the area designated on the attached Exhibit 1.1 (the “Development Territory”) for the term of this Agreement, subject to all of the conditions and provisions of this Agreement.

B. You commit to sign the then current version of X-GOLF Franchise Agreement (and all related documents then customarily in use by us) in effect on the date of execution of the Franchise Agreement for each location, pay the full Initial Franchise Fees, and to open and operate the number of Franchised Locations (the “Development Units”) in the Development Territory, in each case by no later than the dates provided on (the “Development Schedule”). You understand that the then-current form of X-GOLF Franchise Agreement may differ in material respects from our present Franchise Agreement, including but not limited to different royalties, advertising fees and other payments.

C. Only Franchised Locations newly established by you in the Development Territory will count to satisfy the requirements of this Agreement and the Development Schedule. Any franchises acquired by transfer or to be located outside the Development Territory will not satisfy such requirements.

D. Your rights in the Development Territory are only as expressly stated in 1.1 A, above, and are subject to certain rights reserved by us.

E. We are not awarding you with this Agreement the right to sell to or solicit offers from others to purchase X-GOLF franchises. You represent that all X-GOLF franchises to be obtained by you are for your sole ownership, use and operation. You will not have the right to "sublet" any area within the Development Territory, subfranchise or assign any rights under this Agreement.

## **2.1 Term**

Unless earlier terminated in accordance with its provisions, this Agreement shall commence on the Effective Date and automatically expire upon the earlier of: i) failure to timely open a Franchised Location by the required date of the Development Schedule; or ii) the actual Opening Date for the last scheduled X-GOLF Franchised Location.

## **3.1 Renewal**

Developer shall have no right to a renewal or successor agreement.

## **4.1 Development Conditions and Procedures**

A. You are solely responsible for locating, securing and developing the site for each Development Unit according to any then applicable X-GOLF standards, guidelines and/or specifications.

B. You shall submit to us such information regarding a proposed site as we require, in the form and manner requested by us, together with the terms of any proposed lease. We may seek such additional information as we consider to be necessary, but our approval will not be unreasonably withheld. The terms of any such lease shall comply with the provisions of the Franchise Agreement applicable to such proposed site. Our consent to any site shall not be construed as a recommendation or warranty as to suitability or the success of the Development Unit to be located there. We make no such assurances of any kind.

C. Upon our written consent to an approved site, and subject to the conditions to the offer of a franchise provided in 4.1 D., below, you will pay to us the balance of Initial Franchise Fee owing for each approved Development Unit (See Section 5.1 below) and sign the then current form of Franchise Agreement along with any related documents then customarily used by us, including any appropriate receipts for disclosure documents. We may in connection with our evaluation of the proposed site require and consider financial statements or similar information satisfactory to us demonstrating financial capability and compliance with Section 6.1 C. of this Agreement.

D. Regardless of any other provision of this Agreement, you understand that we have the right to deny you a franchise and/or not permit you to open a Development Unit if any of the following conditions are not met:

i) you are not in material compliance under any Franchise Agreement and/or are in default under this Agreement, any Franchise Agreement, Operation Manuals, or any other agreement with us;

ii) you have not delivered all completed and signed documents as then required by us;

iii) you have not appointed a manager for the Development Unit who meets our then current training and other standards.

E. You and we acknowledge and agree that the deadlines set forth in the Development Schedule (Exhibit 1.2) are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (i) create any obligation to grant additional modifications, amendments, consents or waivers or (ii) be effective unless made by mutual written agreement. Any modification or amendment to the Development Schedule or otherwise will be at our sole discretion.

F. If a Franchised Location closes for any reason, and because of such closure the number of Units in the Development Territory is less than the minimum number required to be open by the dates in the Development Schedule, you will have a period of one hundred eighty (180) days from the date of closing in which to open a new Franchised Location. If such condition is not met, we may terminate this Agreement.

## **5.1 Fees**

A. In consideration of our signing of this Agreement, you agree to pay to us on signing this Agreement an Multi-Unit Development Fee of \$ \_\_\_\_\_, which fee is equal to the full initial franchise fee of \$40,000 for the first Franchised Location plus 50% of the reduced initial franchise fee of \$25,000 (i.e. \$12,500) times the number of Individual Unit Franchises that will be specified for development in your territory set forth in the Development Schedule, Exhibit 1.2 (the "Development Schedule"). All Multi-Unit Development Fees are entirely non-refundable and are fully earned by us upon our signing of this Agreement.

B. After the first Franchise Agreement is signed, Developer shall pay the balance of the respective initial franchise fee owing in the amount of \$12,500 for each Franchise Agreement signed. The Initial Franchise Fee is payable to us when you sign the Franchise Agreement and any related documents for each such Development Unit. You understand that any award of a Franchise Agreement by us will depend upon your compliance with the terms of this Agreement. We will keep the Development Fee if you do not meet such requirements and are not offered a subsequent Franchise Agreement or if this Agreement is terminated. As a condition to the award of any franchise, you will be required to sign our then current form of General Release (Exhibit J to the Franchise Disclosure Document).

## **6.1 Operations**

A. We may require the Chief Executive Officer or another officer/owner for or of the Developer to attend and successfully complete such initial and/or on-going training as we designate and/or to meet with us from time-to-time to review Developer operations.

B. We may require you to employ a manager for each Development Unit who will meet such standards (including training requirements) as are set forth in the then-current Franchise Agreement and/or Manuals issued by us, to supervise and coordinate the operation of each Unit.

## **7.1 Defaults and Termination**

A. This Agreement may be terminated by us upon your receipt of written notice and without opportunity to cure, except as may be required by law, if:

1) You attempt to sell, assign, transfer or encumber in whole or in part any or all rights and obligations under this Agreement in conflict with Article 8.1, below;

2) You fail to meet on a timely basis any of the provisions of the Development Schedule, including without limitation, any Development Unit Opening Date or Fee Payment;

3) You commit to a lease unapproved by us, or begin the development and/or operation of a Development Unit, without having complied with the terms of this Agreement, including without limitation Article 4.1, above;

4) You or any of your owners is judged bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, is unable to pay his or her debts as they become due, or a petition under any bankruptcy law is filed against you or any of your owners or a receiver or other custodian is appointed for a substantial part of your assets;

5) You or any of your owners is convicted of, or pleads no contest to, a felony, or to any crime or offense that may adversely affect the goodwill associated with the Marks;

6) You commit any other breach of this Agreement.

B. Any default by you under this Agreement may be regarded by us as a default by you under the Franchise Agreement. Any default under any Franchise Agreement or other agreement with us may be considered by us to be a default under this Agreement. In all instances, we shall be entitled to all rights and remedies available to us under the respective agreements, at law and in equity. If you default under any Franchise Agreement or other agreement, we may require you to cease all development activities/Franchised Location openings under this Agreement unless and until you have timely cured any default(s). If you do not timely cure such default(s), we may terminate this Agreement and retain all monies paid.

C. Upon a termination/expiration of this Agreement you have no rights under this Agreement, including without limitation no right to the award of any further franchises or any refunds of any amounts paid. We shall be free to develop the Development Territory in any manner

we choose, including establishing company owned and franchised units in the Development Territory, subject only to the terms of any applicable unit franchise agreements.

D. Notwithstanding the provisions of Section 7.1 A (2), above, if the opening of a Development Unit is physically prevented by circumstances beyond human control, such as fire, flood, earthquake, riot, war, or other similar circumstance, then you will be allowed such additional time as is reasonably necessary to open such Development Unit, but not longer than six months. Such an extension shall be available exclusively to the Unit subject to the interrupted development and shall not apply to any subsequent unit development deadlines or requirement dates.

## **8.1 Transfers**

A. This Agreement is personal to you and based upon individual skills, resources, special qualities and characteristics and is not assignable, whether voluntarily or by operation of law, without our express written consent. We will not unreasonably withhold, delay or condition our consent to any proposed transfer, provided that nothing herein shall be construed to diminish in any way our rights or your obligations in connection with a transfer and/or compliance with the provisions of this Section 8.1. We may choose among other things to apply the provisions applicable to transfers as contained in the most current unit Franchise Agreement between us, including those regarding Rights of First Refusal, to any transfer of this Agreement. Any assignment by you must be accompanied by a concurrent assignment to the same assignee of all of your interests in each Development Unit and each related Franchise Agreement. Any consent to transfer by us will be conditioned upon our receipt of a nonrefundable transfer fee of Two Thousand Five Hundred Dollars \$10,000, in addition to any such fees due under the applicable unit Franchise Agreements.

B. This Agreement is assignable by us, in whole or in part, without your consent and shall inure to the benefit of our successors and assigns. We have no liability to you upon such an assignment.

C. This Agreement shall not be deemed to diminish in any way any rights of first refusal and/or rights of repurchase held by us under any X-GOLF Franchise Agreement with you, whether effective now or in the future. If we purchase from you substantially all of the operating assets of the Development Units, or all of their franchises are terminated or repurchased, you will have no rights, and we will have no obligations, under this Multi-Unit Development Agreement.

## **9.1 Relationship of the Parties**

You and we are independent contractors. Nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. There is no fiduciary, trust or other special relationship between us. Expenses, obligations, taxes and other liabilities incurred by you in connection with your performance of the services contemplated by this Agreement shall be your sole responsibility. Neither you nor we shall act as the agent of the other, nor guarantee or become in any way responsible for the obligations, debts or expenses of the other.

## **10.1 Personal Guarantees**

Each of the owners signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of each and all of the Developer's obligations under this Agreement.

## **11.1 Payments and Legal Compliance**

A. You will promptly pay when due any and all taxes, accounts, liabilities and other indebtedness of every kind incurred by you as a result of your acts or omissions under or associated with this Agreement, any Franchise Agreement, the operation of any X-GOLF Franchised Location or otherwise, and, will hold harmless and indemnify us and each of our officers, directors, members, employees and agents from such taxes, accounts, liabilities and other indebtedness.

B. You will comply with all federal, state and local laws and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the activities contemplated under this Agreement and/or any Franchise Agreement.

## **12.1 Dispute Resolution, Venue and Applicable Law**

Except for actions described in Section 12.7, the parties will try to resolve all disputes by having the Developer negotiate with an executive officer of FRANCHISOR to resolve the dispute, including at least one face-to-face meeting. The parties agree to conduct these negotiations in good faith and to use their best efforts to resolve any such disputes. If the parties have not resolved the dispute within 30 days after beginning these negotiations, then either party may demand arbitration of the dispute in accordance with Sections 12.2 and 12.3.

## **12.2 Binding Arbitration.**

Except for actions described in Section 12.6, all controversies, disputes or claims between: (a) FRANCHISOR and/or its officers, directors, members, managers, employees, agents or representatives, and (b) Developer, and/or its officers, directors, members, managers, employees, agents or representatives, arising out of or related to this Agreement or any other agreement between Franchisor and Developer or any provision of such agreement, or FRANCHISOR's relationship with Developer, or any other dispute between Franchisor and Developer, must be submitted for binding arbitration in accordance with the provisions of this Article 12 on the demand of either party. A party may demand arbitration for a dispute only after complying with the duty to negotiate contained in Section 12.1. Except as otherwise provided in this Article 12, such arbitration proceeding must be conducted in accordance with the commercial arbitration rules (the "Rules") of the American Arbitration Association ("AAA"). The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) (the "Act") and not any state arbitration law will govern all matters relating to arbitration.

The provisions of this Article 12 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

### **12.3 Arbitration Procedures.**

Any matter will be adjudicated before one (1) arbitrator unless FRANCHISOR elects for the dispute to be decided before a panel of three (3) arbitrators. The arbitration will be administrated and conducted in the office of the AAA in or closest to the home office of the Franchisor. The parties desire that at least one of the arbitrators be an attorney familiar with franchise matters. The arbitrator will follow the Rules except as otherwise provided in this Section. The arbitrator will comply with the Federal Rules of Evidence and will grant limited discovery consisting of requests for production of documents eliciting only relevant evidence; will provide for the exchange of witness lists and exhibit copies; and will conduct a pretrial and rule on dispositive motions. Each party will have the right to request the arbitrator to make findings of specific factual issues.

FRANCHISOR and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. FRANCHISOR and Developer further agree that, in connection with any such arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above will be forever barred.

FRANCHISOR and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between the parties, will not be consolidated with any other arbitration proceeding between them and any other person, corporation, limited liability company, partnership or other entity.

### **12.4 Decision of Arbitrator.**

The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator will not have the right to award special, exemplary or punitive damages. The decision of the arbitrator will be final and binding on the parties, subject only to appeal rights under the Act, and a judgment by a court of competent jurisdiction may be entered in accordance with the decision.

### **12.5 Applicable Law; Venue.**

This Agreement takes effect on its acceptance and execution by FRANCHISOR in California, and, except for the applicability of the Federal Arbitration Act, will be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California will prevail, without regard to the application of California's conflict-of-law rules. If, any provision of this Agreement would not be enforceable under the laws of California, and if Franchisee's business is located outside of California and such provision would be enforceable under the laws of the state in which Developer's business is located, then such provision will be interpreted and construed under the laws of that state. The parties stipulate that venue of any

dispute shall be in the state courts in Los Angeles, CA or the Federal District Court for Los Angeles, CA.

## **12.6 Injunctive Relief.**

Notwithstanding Sections 12.1 and 12.2, FRANCHISOR will have the right, without the posting of any bond or security and without the need to prove irreparable injury, to obtain specific enforcement of the terms of this Agreement from a court of competent jurisdiction, by temporary or permanent injunctions or other equitable relief. FRANCHISOR will have the right, without limitation, to obtain injunctive relief to prevent Developer from engaging in the following acts, which Developer acknowledges would cause irreparable harm to FRANCHISOR: (a) using any of the rights franchised by this Agreement, including use of the Franchise Marks, in any manner not authorized in this Agreement or prohibited by law; (b) engaging in operations in violation of the in-term restrictions on competition set forth in Article 12 of the Franchise Agreement; (c) disclosing to any person or using the trade secrets or confidential information of FRANCHISOR in violation of the terms of this Agreement; (d) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (e) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (f) significantly impairing the goodwill associated with FRANCHISOR. FRANCHISOR's rights to obtain injunctive relief are in addition to all other remedies available to FRANCHISOR under applicable law. Franchisee agrees that an appropriate damage calculation would be sum of any of Franchisor lost revenues of any kind or nature that can be established to the relevant standard; as well as, recovery for all profits directly or indirectly realized by Franchisee by reason of breach of this Agreement, and recovery of all expenses associated therewith of any nature, including, without limitation to, reasonable attorneys' fees, in addition to any injunctive relief (injunctive relief will be in addition to, and not in lieu of, any other legal remedies which may be available).

## **12.7 Costs of Enforcement.**

If any arbitration or legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any term of this Agreement, then FRANCHISOR, if FRANCHISOR is the prevailing party, is entitled to recover reasonable pre-institution and post-institution attorney's fees, court costs, and all expenses even if not taxable as court costs (including all fees and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding in addition to all other relief to which FRANCHISOR is entitled. Attorney's fees includes paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorney to the prevailing party. If FRANCHISOR engages legal counsel because of Developer's failure to pay when due any monies under this Agreement or submit when due any reports, information or supporting records, or for any failure to otherwise comply with this Agreement, Developer must reimburse FRANCHISOR on demand for all of the above listed expenses FRANCHISOR incurs.

## **12.8 Jury Waiver; Time Period for Bringing Claims; Limitation of Damages.**

FRANCHISOR AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

WITH EXCEPTION OF CLAIMS FOR EQUITABLE RELIEF BY FRANCHISOR, ALL CLAIMS ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED AND TIMELY SERVED ON THE OPPOSING PARTY WITHIN ONE (1) YEAR FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM, EXCEPT TO THE EXTENT ANY APPLICABLE LAW OR STATUTE PROVIDES FOR A SHORTER PERIOD OF TIME TO BRING A CLAIM OR AS OTHERWISE REQUIRED BY LAW.

DEVELOPER WAIVES IN ANY JUDICIAL ACTION, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST FRANCHISOR AND AGREES THAT IN THE EVENT OF A DISPUTE, DEVELOPER WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY DEVELOPER.

## **12.9 Survival.**

The provisions of this Article 12 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **13.1 Incorporated Provisions of Franchise Agreement**

As provided in Article 1.1 and Exhibit 1.2, you are, or shall become concurrent with the signing of this Agreement, an X GOLF Franchisee under the terms of the X GOLF Franchise Agreement to our Franchise Disclosure Document. You agree that all terms and conditions of any Franchise Agreement you execute for any location will be binding and incorporated by reference into this Agreement as though fully set forth herein.

## **14.1 Miscellaneous Provisions**

A. Entire Agreement; Amendment. This Agreement contains the final, complete and exclusive expression of the terms of your and our agreement with respect to development rights that are the subject of this Agreement, and shall supersede any and all prior and/or concurrent understandings, agreements, representations or otherwise (whether oral or written) between you and us; provided that this Agreement is not intended to amend or supersede any representations set forth in the Franchise Disclosure Document or any X GOLF Unit Franchise Agreement and/or related documents to which you are a party. This Agreement cannot be modified or changed except by written document signed by all parties.

B. Severability. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but in such event the provisions of this Agreement thus affected shall be limited only to the extent necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

C. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor, and shall be binding upon and inure to the benefit of you and your respective heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained herein.

D. Joint and Several Liability. If “you” consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

E. No waiver. No waiver by any party of any breach or series of breaches or defaults in performance, shall be deemed to be a waiver of any other breach or default; and no failure, refusal or neglect of ours to exercise any right, power or option given to us under this Agreement shall be deemed to be a waiver of any right, power or option.

F. Acknowledgments. In addition to those acknowledgments contained in the Franchise Agreement and incorporated by reference pursuant to Section 12.1 E, above, Developer and each of its owners expressly acknowledge that:

1) Neither the Developer, any of the owners nor anyone else have received or relied on (nor have we or anyone else provided) any oral or written: sales, income or other projections of any kind or nature or any statements, representations, or otherwise which stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to any X GOLF franchise rights. We cannot reliably predict, forecast or project future performance, revenues, profits or otherwise of any franchise or with respect to any Multi-Unit rights. If any such information, promises, representations and/or warranties has been provided to Developer, any of the owners or anyone else, they have not been authorized and may not be relied on; and

2) A complete ready-to-sign copy of this Agreement as signed by Developer was received by Developer (and each of the owners, as applicable) at least seven (7) calendar days prior to the earlier of its execution, or the payment of any amounts; and

3) A complete copy of our Franchise Disclosure Document, together with all exhibits, was received at least fourteen (14) calendar days, or as required by law, prior to the earlier of Developer (and each of the owners, as applicable) signing this agreement or the paying of any money.

**Your Initials:** \_\_\_\_\_

G. Notices. All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered at the time delivered by hand, immediately on transmission by electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at X GOLF FRANCHISE CORP, at our then current corporate headquarters, to the attention of the CEO, and to you at the following address: \_\_\_\_\_.

H. Legal Counsel. All parties have obtained the advice of counsel in connection with entering into this Agreement, understand the nature of this Agreement, and intend to be bound by its terms.

I. Time of the Essence. For all purposes, time shall be of the essence in the performance by the parties of their respective obligations stated herein.

By their signatures hereto, including by electronic signature, the parties intend to be bound as of the Effective Date above.

**FRANCHISOR:**

**X-GOLF FRANCHISE CORP.**

By: \_\_\_\_\_

Title: CEO

**DEVELOPER (Individual)**

Signature Date: \_\_\_\_\_

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

Signature: \_\_\_\_\_

**DEVELOPER: (Corp., LLC or Partnership)**

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

By: \_\_\_\_\_

Date:  
Title:

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**EXHIBIT 1.1 – PROTECTED AREA**

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Note: Boundary lines include only the area within the boundary line and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway). You have no rights under this Agreement or otherwise with respect to a facility on the other side of the boundary line, street or highway or otherwise, and no matter how close to such boundary a facility may be, regardless of the distance from, impact on, or vicinity of, your X-GOLF Franchised Locations, other outlets or otherwise in any area or market.

Initials \_\_\_\_\_

**Exhibit 1.2**

**DEVELOPMENT SCHEDULE**

<u>YEAR</u>	<u>NUMBER OF FRANCHISED LOCATIONS</u>	<u>OPENING DATE</u>
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The units in the foregoing list are the “Development Units.”

Initials \_\_\_\_\_



**EXHIBIT D**

**RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_  
Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

Franchisor: X GOLF Franchise Corporation  
Notice Address: 19807 Hamilton Avenue  
Los Angeles, CA 90502  
Telephone: (323) 400-6611

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of an X-Golf business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor or its affiliate, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor or its affiliate becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the X-Golf brand. Any provision of the Lease which limits Tenant’s right to own or operate other X-Golf outlets in proximity to the Leased Premises shall not apply to Franchisor or its affiliates.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

## EXHIBIT E

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of X GOLF Franchise Corporation, a California corporation (“XGF”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases XGF, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that XGF reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

**5. State Addenda.**

**[Maryland Residents]:** This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**[Washington Residents]:** A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

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

**EXHIBIT F**  
**FINANCIAL STATEMENTS**



**X GOLF FRANCHISE CORPORATION**

(A Wholly Owned Subsidiary of X Golf  
America, Inc.)

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2024, 2023 and 2022

# X GOLF FRANCHISE CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

To the Stockholder of  
X Golf Franchise Corporation

### Opinion

We have audited the accompanying financial statements of X Golf Franchise Corporation (the Company), which comprise the balance sheets as of December 31, 2024, 2023 and 2022 and the related statements of stockholder's equity, income and cash flows for the years then ended and the related notes to the financial statements.

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

### Basis for Opinion

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

An independent member of UHY International

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

To the Stockholder of  
X Golf Franchise Corporation  
Page Three

**Other Information Included in the Company's Franchise Disclosure Document**

Management is responsible for the other information included in the Company's Franchise Disclosure Document. The other information comprises information regarding the franchisor, applicable fees, initial investment amounts, obligations, franchise agreements, restrictions, and franchisee information and statistics among other items, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*UHY LLP*

Farmington Hills, Michigan  
April 18, 2025

**X GOLF FRANCHISE CORPORATION**  
(A Wholly Owned Subsidiary of X Golf America, Inc.)  
**BALANCE SHEETS**

	<u>December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 2,949,698	\$ 4,956,946	\$ 2,545,919
Accounts receivable, net	1,113,084	1,018,847	857,830
Contract costs	78,551	70,601	44,152
Prepaid expenses	2,998	25,254	22,222
Total current assets	<u>4,144,331</u>	<u>6,071,648</u>	<u>3,470,123</u>
<b>OTHER ASSETS</b>			
Due from parent	2,735,199	1,227,154	1,111,562
Contract costs	486,146	556,612	346,510
Deferred taxes	970,121	133,204	-
Total other assets	<u>4,191,466</u>	<u>1,916,970</u>	<u>1,458,072</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,335,797</u>	<u>\$ 7,988,618</u>	<u>\$ 4,928,195</u>

	<b>December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 138,276	\$ 120,121	\$ 41,086
Accrued expenses	387,922	364,010	238,784
Gift card liability	2,441,211	273,156	40,111
Deferred revenue - current	522,577	630,334	566,880
Income taxes payable	1,436,205	1,026,337	390,186
Total current liabilities	<u>4,926,191</u>	<u>2,413,958</u>	<u>1,277,047</u>
<b>LONG-TERM LIABILITIES</b>			
Deferred income taxes	-	-	70,802
Deferred revenue - long-term	1,705,596	1,744,812	1,554,562
Total long-term liabilities	<u>1,705,596</u>	<u>1,744,812</u>	<u>1,625,364</u>
Total liabilities	<b>6,631,787</b>	<b>4,158,770</b>	<b>2,902,411</b>
<b>STOCKHOLDER'S EQUITY</b>	<u><b>1,704,010</b></u>	<u><b>3,829,848</b></u>	<u><b>2,025,784</b></u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<u><b>\$ 8,335,797</b></u>	<u><b>\$ 7,988,618</b></u>	<u><b>\$ 4,928,195</b></u>

See notes to financial statements.

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**X GOLF FRANCHISE CORPORATION**  
(A Wholly Owned Subsidiary of X Golf America, Inc.)  
**STATEMENTS OF STOCKHOLDER'S EQUITY**  
For the years ended December 31,

	<u>Capital Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, January 1, 2022	\$ 200	\$ 836,445	\$ 836,645
Net income	<u>          </u>	<u>1,189,139</u>	<u>1,189,139</u>
Balance, December 31, 2022	200	2,025,584	2,025,784
Net income	<u>-</u>	<u>1,804,064</u>	<u>1,804,064</u>
Balance, December 31, 2023	200	3,829,648	3,829,848
Dividends	<u>          </u>	<u>(4,500,000)</u>	<u>(4,500,000)</u>
Net income	<u>-</u>	<u>2,374,162</u>	<u>2,374,162</u>
Balance, December 31, 2024	<u>\$ 200</u>	<u>\$ 1,703,810</u>	<u>\$ 1,704,010</u>

See notes to financial statements.

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**X GOLF FRANCHISE CORPORATION**  
(A Wholly Owned Subsidiary of X Golf America, Inc.)  
**STATEMENTS OF INCOME**  
For the years ended December 31,

	2024		2023		2022	
	Amount	Percent of Revenues	Amount	Percent of Revenues	Amount	Percent of Revenues
<b>Revenues</b>						
Franchise fee revenue	\$ 547,872	8.9 %	\$ 415,296	8.7 %	\$ 331,292	10.6 %
Royalty revenue	4,839,052	78.6	3,746,289	78.5	2,393,325	76.7
Marketing fund	771,462	12.5	610,059	12.8	397,390	12.7
Total revenues	6,158,386	100.0	4,771,644	100.0	3,122,007	100.0
Operating expenses	3,227,830	52.4	2,568,643	53.8	1,584,088	50.7
Other income (expenses)	42,894	.7	33,208	.7	(65,210)	2.1
Income before income taxes	2,973,450	48.3	2,236,209	46.9	1,603,129	51.4
Income taxes	599,288	9.7	432,145	9.1	413,990	13.3
<b>Net income</b>	<b>\$ 2,374,162</b>	<b>38.6 %</b>	<b>\$ 1,804,064</b>	<b>37.8 %</b>	<b>\$ 1,189,139</b>	<b>38.1 %</b>

See notes to financial statements.

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**X GOLF FRANCHISE CORPORATION**  
(A Wholly Owned Subsidiary of X Golf America, Inc.)  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>			
Net income	<b>\$ 2,374,162</b>	\$ 1,804,064	\$ 1,189,139
Adjustments to reconcile net income to net cash flows from operating activities:			
Deferred income taxes	<b>(836,917)</b>	(204,006)	271,642
Changes in:			
Accounts receivable	<b>(94,237)</b>	(161,017)	(231,025)
Contract costs	<b>62,516</b>	(236,551)	(44,760)
Prepaid expenses	<b>22,256</b>	(3,032)	(8,071)
Due from parent	<b>(1,508,045)</b>	(115,592)	(954,334)
Accounts payable and accrued expenses	<b>42,067</b>	204,261	163,110
Gift card liability	<b>2,168,055</b>	233,045	40,111
Income taxes payable	<b>409,868</b>	636,151	142,148
Deferred revenue	<b>(146,973)</b>	253,704	545,708
	<u><b>2,492,752</b></u>	<u>2,411,027</u>	<u>1,113,668</u>
Net cash provided by operating activities			
<b>FINANCING ACTIVITY</b> - Dividend distribution	<u><b>(4,500,000)</b></u>	-	-
<b>NET CHANGE IN CASH</b>	<b>(2,007,248)</b>	2,411,027	1,113,668
<b>CASH, Beginning</b>	<u><b>4,956,946</b></u>	<u>2,545,919</u>	<u>1,432,251</u>
<b>CASH, Ending</b>	<u><b>\$ 2,949,698</b></u>	<u>\$ 4,956,946</u>	<u>\$ 2,545,919</u>

See notes to financial statements.

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**X GOLF FRANCHISE CORPORATION**  
**(A WHOLLY OWNED SUBSIDIARY OF X GOLF AMERICA, INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

**Company Operations**

X Golf Franchise Corporation (the Company) was incorporated in February 2015 by X Golf America, Inc. (the Parent) for the purpose of franchising indoor golf centers under the name "X Golf". The Company holds exclusive right to franchise X Golf stores in the United States of America, under the license agreement with the original franchisor in Korea.

During 2024, the Company sold 15 franchises. 148 franchises were under contract as of December 31, 2024. 120 of those franchises were in operation at December 31, 2024.

**Recently Adopted Accounting Guidance**

**Allowance for Credit Losses**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Company adopted ASC 326 effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

**Use of Estimates**

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

**X GOLF FRANCHISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and cash equivalents**

The Company considers all liquid investment instruments with a maturity of three months or less to be cash equivalents.

**Concentration of Credit Risk**

The Company from time to time during the periods covered by these financial statements may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

**Accounts Receivable and Allowance for Credit Losses**

The Company carries its accounts receivable at invoiced amounts less an allowance for credit losses. Generally, the Company does not require collateral for its accounts receivable. On a monthly basis, the Company evaluates its accounts receivable and establishes an allowance for credit losses when deemed necessary. Management estimates that at December 31, 2024, 2023 and 2022 no allowance was necessary. The Company incurred bad debt expense of \$-0-, \$11,982 and \$17,313 during the years ended December 31, 2024, 2023, and 2022, respectively.

Opening accounts receivable balance as of January 1, 2022 was \$642,726.

**Income Taxes**

Income tax expense includes federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

Deferred income tax assets and liabilities are recorded for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company is unable to conclude that realization of the deferred income tax assets is more likely than not.

**X GOLF FRANCHISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

The benefit of an uncertain tax position is recognized in the financial statements if it meets a minimum recognition threshold. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more-likely-than-not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2024, 2023 and 2022, there are no uncertain tax positions for which a reserve or liability is necessary.

The Company files a consolidated federal tax return with its parent and records its share of the consolidated federal tax expense on a separate return basis (See Note 6).

**Revenue Recognition**

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The Company's revenues consist of initial franchise fees, royalties and marketing and other fees.

Initial franchise fee revenues are recognized as revenue as the various performance obligations are satisfied. Initial franchise fee revenue is recognized at a point in time for the pre-opening services performance obligation with the remaining portion of the initial franchise fee recognized over time for the license of intellectual property performance obligation. The Company has also elected to treat the pre-opening services as a single performance obligation.

Royalty and marketing revenues are based on a contracted percentage of franchisee revenue as reported by the franchisees monthly over the period of the franchise term.

**Advertising**

Advertising and marketing costs are expensed as incurred and totaled \$997,844, \$1,131,995 and \$542,459 for the years ended December 31, 2024, 2023 and 2022, respectively.

**Reclassification**

Certain reclassifications have been made to the financial statements for the years ended December 31, 2023 and 2022 to conform to the presentation for the year ended December 31, 2024.

**X GOLF FRANCHISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

The Company has performed a review of events subsequent to the balance sheet date through April 18, 2025, the date the financial statements were available to be issued.

**NOTE 2 – DISAGGREGATION OF REVENUE**

Revenues are disaggregated by timing of revenue recognition as follows:

	Years ended December 31,		
	2024	2023	2022
Revenues recognized over time - Initial franchise fees	<u>\$ 412,872</u>	<u>\$ 156,296</u>	<u>\$ 111,042</u>
Revenues recognized at a point in time:			
Initial franchise fees	135,000	259,000	220,250
Royalty, Marketing and other fees	<u>5,610,514</u>	<u>4,356,348</u>	<u>2,790,715</u>
Total revenues recognized at a point in time	<u>5,745,514</u>	<u>4,615,348</u>	<u>3,010,965</u>
Total revenues recognized under Topic 606	<u>\$ 6,158,386</u>	<u>\$ 4,771,644</u>	<u>\$ 3,122,007</u>

Various economic factors affect revenues and cash flows. Royalties are dependent on franchisee development and revenues which cannot be reasonably estimated.

During the year ending December 31, 2024, two locations owned by the Company's parent entity began operations. Revenue recognized from these locations were marketing fees royalties of \$1,691.

**X GOLF FRANCHISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024, 2023 and 2022

**NOTE 3 – CONTRACT BALANCES**

**Contract assets**

Sales commissions, franchise agreement costs and broker fees incurred solely to obtain new franchises are capitalized and amortized over the life of the underlying franchise agreement.

The following table provides information about changes in contract assets from contracts with customers as of and for the years ended:

	December 31,		
	2024	2023	2022
Balance, January 1	\$ 627,213	\$ 390,662	\$ 345,902
Increase from new contracts with customers	36,820	289,129	83,174
Amortization of contract assets	(99,336)	(52,578)	(38,414)
Balance, December 31	<u>\$ 564,697</u>	<u>\$ 627,213</u>	<u>\$ 390,662</u>

**Contract liabilities**

Deferred revenue relating to initial franchise fees represents the Company's remaining performance obligations under its franchise agreements which will be recognized over the remaining term of the related agreements on a straight-line basis.

The following table provides information about changes in contract liabilities from contracts with customers as of and for the years ended:

	2024	2023	2022
Balance, January 1,	\$ 2,375,146	\$ 2,121,442	\$ 1,575,734
Increase from new contracts with customers	433,000	768,000	877,000
Revenue recognized from beginning amounts	(547,872)	(415,296)	(331,292)
Contract terminations/adjustments	(32,101)	(99,000)	-
	<u>\$ 2,228,173</u>	<u>\$ 2,375,146</u>	<u>\$ 2,121,442</u>

**NOTE 4 – CAPITAL STOCK**

Capital stock consists of 10,000,000 authorized common shares. 200 \$1 par value shares are issued and outstanding.

**X GOLF FRANCHISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

**NOTE 5 – INCOME TAXES**

The provision (credit) for income taxes consists of the following:

	Years ended December 31,		
	2024	2023	2022
Current taxes:			
Federal	\$ 1,254,203	\$ 629,643	\$ 124,870
State	182,001	6,508	17,478
Total current taxes	<u>1,436,204</u>	<u>636,151</u>	<u>142,348</u>
Deferred taxes:			
Federal	(616,094)	(150,179)	202,157
State	(220,822)	(53,827)	69,485
Total deferred taxes	<u>(836,916)</u>	<u>(204,006)</u>	<u>271,642</u>
	<u>\$ 599,288</u>	<u>\$ 432,145</u>	<u>\$ 413,990</u>

During the years ending December 31, 2024, 2023 and 2022, the Company's effective tax rate differed from the U.S. federal statutory rate primarily due to utilizing the cash method of accounting for tax purposes and recognition of advanced payment income.

Deferred tax assets and liabilities are as follows:

	December 31,		
	2024	2023	2022
Gross deferred income tax assets	\$ 970,121	\$ 443,406	\$ 114,615
Gross deferred income tax liabilities	<u>-</u>	<u>(310,202)</u>	<u>(185,417)</u>
Net deferred income tax assets (liabilities)	<u>\$ 970,121</u>	<u>\$ 133,204</u>	<u>\$ (70,802)</u>

**X GOLF FRANCHISE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

**NOTE 6 – CASH FLOWS**

Supplemental disclosures of cash flow information are as follows:

	Years ended December 31,		
	2024	2023	2022
Income Taxes paid	<u>\$ 1,026,337</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Company is charged a management fee from its parent entity based on amounts directly paid on behalf of the Company and allocations of shared costs such as rent, wages, advertising and other operating expenses.

The Company entered into a software licensing agreement with a related entity through common ownership.

Related party transaction amounts and balances owing to/from for the years ending and as of December 31, were as follows:

	2024	2023	2022
Management fees expense	<u>\$ 1,040,757</u>	<u>774,545</u>	<u>\$ 532,391</u>
Software license fees expense	<u>\$ 385,626</u>	<u>\$ 305,946</u>	<u>\$ 198,696</u>
Due from parent	<u>\$ 2,735,199</u>	<u>\$ 1,227,154</u>	<u>\$ 1,111,562</u>
Accrued software expense	<u>\$ 385,626</u>	<u>\$ 305,946</u>	<u>\$ 198,696</u>

**NOTE 8 – LITIGATION**

Various claims and lawsuits, incidental to the ordinary course of business are pending against the Company. In the opinion of management, after consultation with legal counsel, resolution of these matters is not expected to have a material effect on the Company's financial statements.

## EXHIBIT G

### OPERATING MANUAL TABLE OF CONTENTS

<b>Manual Section</b>	<b>Number of Pages</b>
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General Store Operations	2
Customer Service	7
League Operations	1
Lesson and Pro Services	1
Beverage Operations & Procedures	2
Food Operations & Procedures	3
Marketing and Advertising	2
Appendices	

## EXHIBIT H

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

STORE	OWNER	ADDRESS	PHONE
<b>ALABAMA (1)</b>			
Huntsville, AL	Ricky Lynch	2500 Clinton Ave W, Suite C Huntsville, AL 35805	(256) 715-8785
<b>CALIFORNIA (1)</b>			
El Dorado Hills, CA	Chuck and Lynn Daigle	2085 Vine St, Suite 201 El Dorado Hills, CA 95762	(916) 542-1374
<b>COLORADO (4)</b>			
Colorado Springs, CO	Michael Ruvolo	1808 Spring Water Point Colorado Springs, CO 80908	(719) 633-2727
Grand Junction, CO	Michael Ruvolo	2482 Patterson Road, Unit 2 Grand Junction, CO 81505	(970) 644-5251
Ft. Collins, CO	Michael Ruvolo	351 E. Foothills Pkwy Suite 110 Fort Collins, CO 80523	(970) 614-5750
Greenwood Village, CO	Michael Ruvolo	7600 Landmark Way Suite A101 Greenwood Village, CO 80111	(720) 428-2322
<b>CONNECTICUT (1)</b>			
Stratford, CT	Javaid Ahmed, Nikon Limberis, Jeff Arsenault	355 Hawley Ln Stratford, CT 06614	(475) 867-3332
<b>FLORIDA (1)</b>			
West Palm Beach/Jupiter, FL	Steve Kittrell and David Kittrell	1900 Okeechobee Blvd West Palm Beach, Florida 33409	
<b>GEORGIA (1)</b>			
Alpharetta, GA	John Vautour	6600 Towns Square Suite 1530 Alpharetta, GA 30005	770-696-4458
<b>IDAHO (1)</b>			
Boise, ID	Chet Hendrickson	8101 W. Emerald St. Boise, ID 83704	(208) 918-4653
<b>ILLINOIS (13)</b>			
Algonquin, IL	Meena Goel, Sundari Yanamadula	1704 S Randall Rd. Algonquin, IL 60102	(815) 846-0779
Bloomington, IL	Jeff Bass, Blake Favero	1407 N Veterans Pkwy Bloomington, IL 61704	(309) 319-2521

Downers Grove, IL	Mike O'Shea	1310 Butterfield Rd. Downers Grove, IL 60515	(630) 541-3857
Glen Carbon, IL	Jacob Weis	86 Magnolia Dr. Glen Carbon, IL 62034	618-679-4577
Geneva, IL	Brendan Megal	1900 S Randall Rd, Suite 120 Geneva, IL 60134	
Glenview, IL	James Jeong	2847 Pfingsten Rd Glenview, IL 60026	(224) 432-0022
Kildeer, IL	David Yi	20771 N. Rand Rd, Space 20A Kildeer, IL 60047	(847) 847-1723
Libertyville, IL	Paul Morcom	1177 S. Milwaukee Ave. Libertyville, IL 60048	(224) 504-2940
Shorewood, IL	Jeff Bass, Blake Favero	1004 Brook Forest Ave Shorewood, Illinois 60404	779-234-9652
Orland Park, IL	John O'Malley	15876 South La Grange Rd. Orland Park, IL 60462	(708) 966-0486
Sauk Valley, IL	Heath Warner	13464 Galt Rd. Sterling, IL 61081	(309) 319-2521
Schaumburg, IL	Zip Zipfel	1100 American Ln Schaumburg, IL 60173	(847) 380-1848
Wrigleyville, IL	Joseph Goldammer	3549-51 N. Sheffield Chicago, IL 60657	(872) 829-3325
<b>INDIANA (3)</b>			
Carmel, IN	Jared Perras	14511 Clay Terrace Blvd. Suite 120 Carmel, IN 46032	(317) 669-2422
Noblesville, IN	Jared Perras	13904 Town Center Blvd. Suite 700 Noblesville, IN 46060	(317) 764-2500
Plainfield, IN	Jared Perras	313 Marketplace Mile Suite 120 Plainfield, IN 46168	(317) 742-7080
<b>IOWA (4)</b>			
Cedar Rapids, IA	Bryant Nicholson, Adam Green, Doug McAllister, Hope Hall, Matt McGaffee	5235 Buffalo Ridge Dr. Cedar Rapids, IA 52411	(319) 200-5588
Des Moines, IA	Chad Sloden	165 S Jordan Creek Suite 135 West Des Moines, IA 50266	(515) 2187729
Coralville, IA	Bryant Nicholson, Adam Green, Doug McAllister, Hope Hall, Matt McGaffee	211 E 9th St. Coralville, IA 52241	(319) 200-4653
Quad Cities	Chet Hendricksen	2574 Middle Road Bettendorf, Iowa 52722	563-900-8144
<b>KANSAS (1)</b>			
Leawood, KS	Lance Thomas	4825 W 117th St. Leawood, KS 66211	(913) 499-6569
<b>MAINE (1)</b>			
Portland, ME	Joe Atwood	101 York St. Portland, ME 04101	(207) 536-1257

<b>MARYLAND (2)</b>			
Bel Air, MD	Justin Bongiorno, Matt Remsnyder, Matt Murphy	5 Bel Air South Pkwy Bel Air, MD 21015	(443) 587-4927
Annapolis, MD	Rikhil Patel, Robert Cannon	167-Y Jennifer Rd, Annapolis, MD 21401	(410) 571- 5944
Frederick, MD	Matt and Jill Louden	5205 Buckeystown Pike Frederick, MD 21704	(240) 629-8039
Pasadena, MD	David Hoefler	8048 Ritchie Hwy, Suite #6C Pasadena, MD 21122	(410) 590-4653
Eldersburg, MD	Mike and Melissa Spence	1346 Liberty Road Suite 2 Eldersburg, Maryland 21784	240.330.4050
<b>MASSACHUSETTS (8)</b>			
Acton, MA	Rob Granahan	145 Great Road Acton, MA 01720	(978) 429-8930
Burlington, MA	John Langevin	10 Wall Street, Burlington, MA 01803	(781) 365-0579
Hanover, Ma	Atin Bhadouria	1207 Washington Street, Hanover, MA	(508) 469-1008
Hudson, MA	Atin Bhadouria	1167 Highland Commons, Berlin, MA	(978) 415 8003
Methuen, MA	John and Meghan Caron	90 Pleasant Valley Street Unit 105 Methuen, MA 01844	(978) 955-7070
Walpole, MA	Bryan McClellan, Manuck Ozcan, Atin Bhadouria	50 Providence Hwy East Walpole, MA 02032	(508) 734-6147
Wayland, MA	Rob Granahan	60 Andrew Ave Wayland, MA 01778	(508) 276-5230
Worcester, MA	Marc Catenese	287 Grove Street Worcester, MA 01605	(774) 389-4653
<b>MICHIGAN (15)</b>			
Ann Arbor, MI	Kenny Seiler	333 North Maple Rd. Ann Arbor, MI 48103	(734) 316-7379
Brighton, MI	Otis Kirkland III, Carolyn Raney, Jason Raney	9760-9770 Village Place Blvd. Brighton, MI 48116	(810) 360-0829
Canton, MI	Otis Kirkland III, Carolyn Raney, Jason Raney	44524 Ford Rd. Canton, MI 48187	(734) 228-6988
Grand Rapids, MI	Mitch Van Tuinen, Mike Bronkhorst	5761 28th St. SE Grand Rapids, MI 49546	(616) 805-4864
Grandville, MI	Mitch Van Tuinen, Mike Bronkhorst	4830 Wilson Ave SW Suite 500 Grandville, MI 49418	(616) 265-5262
Holland, MI	Mitch Van Tuinen, Mike Bronkhorst	12331 James St. Holland, MI 49424	(616) 377-7230
Kalamazoo, MI	Ben Lubs, Charlie Krisfalusi	4600 W Main St. Kalamazoo, MI 49006	(269) 216-3658
Lansing, MI	Nate Riegler, Joe White	4946 Marsh Rd Okemos, MI 48864	(517) 763-2200

Novi, MI	Mike Barlow, Chris Barlow	44325 W 12 Mile Rd. Novi, MI 48377	(248) 513-4761
Rochester Hills, MI	Mike Barlow, Chris Barlow	1316 S. Rochester Rd. Rochester Hills, MI 48307	(248) 759-4195
Royal Oak, MI	Ben Lubs, Charlie Krisfalusi	30955 Woodward Ave. Suite 720 Royal Oak, MI 48073	(248) 607-3976
Shelby Township, MI	Nick Swanson, Ron Dooley	45599 Market St. Shelby Township, MI 48315	(586) 991-6190
St. Clair Shores, MI	Brad Muston, Collin Graw, Doug Minke, Lee Swallow	31252 Harper Ave. St. Clair Shores, MI	(586) 285-5749
Traverse City, MI	Scott Hart, Bobbie Hart	3480 W South Airport Rd. Suite B Traverse City, MI 49684	(231) 252-2606
Woodhaven, MI	Jason Purnell	19840 West Rd., Suite 1 Woodhaven, MI 48183	(734) 304-4968
<b>MINNESOTA (7)</b>			
Apple Valley, MN	Ben Feret	7541 148th St. W Apple Valley, MN 55124	(651) 461-6030
Blaine, MN	Ben Feret	398 Northtown Dr. NE Unit L6B Blaine, MN 55434	(952) 529-7195
Champlin, MN	Ben Feret	11351 Aquila Dr. N, Suite 101 Champlin, MN 55316	(763) 999-4615
Eden Prairie, MN	Ben Feret	12577 Castle Moor Dr. Eden Prairie, MN 55344	(952) 988-1420
Medina, MN	Ben Feret	304 Clydesdale Trl Medina, MN 55340	(763) 225-5902
Rochester, MN	Brett Hutter	1134 S Rochester Rd Rochester Hills, MI 48307	(507) 206-3600
Woodbury, MN	Ben Feret	8150 Coller Way, Suite 500 Woodbury, MN 55125	(651) 505-9915
<b>MISSOURI (6)</b>			
Parkville, MO	Ben Steelman	15325 Old Town Dr. Suite 113 Parkville, MO 64152	(816) 505-5986
Ellisville, MO	Andrew Weckbach	15382 Manchester Rd. Ellisville, MO 63011	(636) 220-2323
St. Louis, MO	Andrew Weckbach	9626 Manchester Rd. St. Louis, MO 63119	(314) 716-3466
O'Fallon, MO	Nafees Rehmatullah, Keith Patel	12 Crossroads Plaza O'Fallon, Missouri 63368	(636)294-0027
South County, MO	Brendon Neel	4476 Lemay Ferry Rd St. Louis, Missouri 63129	314-200-9400
Springfield, MO	James Boyer, Carl Boyer	225 E. Primrose Springfield, Missouri 65807	417-202-2400
<b>NEBRASKA (1)</b>			
Omaha, NE	Michael Ruvolo	808 N. 102nd St. Omaha, NE 68114	(531) 867-4705
<b>NEVADA (1)</b>			

Reno	Copeland/Helper	13925 S. Virginia Street, Suite 234, Reno NV 89511	1-775-567-3415
<b>NEW HAMPSHIRE (1)</b>			
Bedford, NH	John Schmertzler, Tom Mackenzie, Zane Villandry	5 Colby Court, Unit 110 Bedford, NH 03110	6037827878
<b>NEW YORK (5)</b>			
Commack, NY	Geoffrey Schwartz	108 Veterans Memorial Hwy Suite A Commack, NY 11725	(631) 486-4417
Scarsdale, NY	Peter Gilmore	870 Central Park Ave. Scarsdale, NY 10583	(914) 920-4425
Westbury, NY	Christopher Sciocchetti	1500 Old Country Rd. Westbury, NY 11590	(516) 490-5845
Brooklyn, NY	Chad Thomas, David Fugate	105 N. 13 <sup>th</sup> , 1st Floor Brooklyn, NY 11249	(718) 971-1165
Pittsford, NY	Nick Ratcliffe, Tim Ratcliffe	3349 Monroe Ave. Rochester, NY 14618	585-978-8475
<b>NORTH CAROLINA (1)</b>			
Cary, NC	Chris Short, Andrew Horne	107 Edinburgh S Dr.	Cary, NC
<b>NORTH DAKOTA (2)</b>			
Bismarck, ND	Silas Sneed	1451 E. LaSalle Dr. Bismarck, ND 58503	(701) 751-1936
Minot, ND	Silas Sneed	1619 S Broadway Minot, ND 58701	(701) 838-1621
<b>OHIO (9)</b>			
Avon, OH	Brad Muston, Collin Graw, Doug Minke, Lee Swallow	35948 Detroit Rd. Avon, OH 44011	(440) 937-8026
Broadview Heights, OH	Jill and Ronald Salerno	9194 Broadview Rd. Broadview Heights, OH 44147	(440) 526-3700
Columbus, OH	Kevin Couchman, Miles Vamvas	1165 Yard St. Grandview Heights, OH 43212	(614) 549-7119
North Canton, OH	Jenny Dillon	4385 Whipple Ave. NW Canton, OH 44718	(234) 360-3086
Perrysburg, OH	Jason Purnell	26567 Dixie Hwy Perrysburg, OH 43551	(419) 441-0055
Solon, OH	Derek Imes, George Shihadeh, John Shihadeh	33615 Aurora Rd. Solon, Ohio 44139	(440) 318-1183
Toledo, OH	Jason Purnell	7141 Spring Meadows Dr. W Holland, OH 43528	(567) 703-8117
Fairlawn /Akron, OH	Ron Salerno	55 Springside Dr. Akron, OH 44333	3305763139
Powell, OH	Kevin Couchman, Miles Vamvas	W 285 Olentangy, Suite 101 Powell, Ohio 43065	6143760424
<b>OREGON (2)</b>			
Tualatin, OR	Erik Timmons, Mike Barrett, Bill Farnum	7059 SW Nyberg St. Tualatin, OR 97062	(503) 855-4104

Beaverton, OR	Erik Timmons Mike Barrett Bill Farnum	3805 SW 117th Ave, Suite 120 Beaverton OR	5038554104
PENNSYLVANIA (4)			
Chester Springs, PA	Tom Kauffman, Joe Biehl	12 Pottstown Pike Chester Springs, PA 19425	(484) 617-3344
Garnet Valley, PA	Eric Miller	176-178 Painters Crossing West Chester, PA 19382	(484) 574-8528
Lehigh Valley, PA (Easton, PA)	Joe Biehl	80 Kunkle Dr. Easton, PA 18045	(484) 250-0391
Wexford, PA	Sean Kelly	280 Market Ln., Suite 701 Wexford, PA 15090	(724) 719-6258
RHODE ISLAND (1)			
Lincoln, RI	Bryan McClellan, Manuck Ozcan, Atin Bhadouria	622 George Washington Hwy Unit 1 Lincoln, RI 02865	(401) 335-5595
South Carolina (2)			
South Charlotte, SC	Dale Hammond	1177 Stonecrest Blvd. Tega Cay SC 29708	(803) 547-4653
Hilton Head, SC	Doug Robinson	1414 Fording Island Rd. Suite C-100 Bluffton, SC 29910	(843) 815-9444
SOUTH DAKOTA (1)			
Rapid City, SD	Glenn Thibault, Mike Thibault	2200 N. Maple Ave., Suite 458 Rapid City, SD 57701	(605) 791-1047
TENNESSEE (2)			
Nashville, TN	Jason LaFerry	8127 Sawyer Brown Rd., #301 Nashville, TN 37221	(615) 250-2440
Murfreesboro, TN	Speer and Hollingsworth	1720 Old Fort Parkway, Suite L220 Murfreesboro, Tennessee 37129	615-624-6600
TEXAS (3)			
Rockwall, TX	Paul Copioli, Dan Mentz, Brian Norred	2455 Ridge Rd., Suite 115 Rockwall, TX 75087	(469) 314-1808
Frisco, TX	Paul Copioli, Dan Mantz, Brian Norred	5977 Preston Rd. Retail Building 1, Suite 500 Frisco, TX 75034	(214) 308-9011
Katy, TX	Chris Pena	3329 Grand Pkwy, Suite 100 Katy, TX 77449	(832) 302-4889
UTAH (1)			
Riverton, UT	Dave Bauer	13347 S Teal Ridge Way Suite N105 Riverton, UT 84096	(801) 878-6823
VIRGINIA (3)			
Richmond, VA	Kyle Engelkon, Josh Engelkon	15800 WC Main St. Midlothian, VA 23113	(804) 464-1574
Ashburn, VA	Chad Sloden, Shane Sloden, Mart Bruwicki	43150 Broadlands Center Plaza Suite 168 Ashburn, VA 20148	(571) 443-2269

Fredericksburg, VA	Julius Rigole	1 Spotsylvania Towne Centre BLVD, Suite #4300 Fredericksburg , Virginia 22407	540-548-9079
WASHINGTON (3)			
Vancouver, WA	Erik Timmons, Bill Farnum, Mike Barrett	1825 SE 164th Ave, Suite 110 Vancouver, WA 98683	(503) 855-4104
WISCONSIN (7)			
AmFam Field	Shawn DeMain, Luke Larson	1 Brewers Way Milwaukee, WI 53214	(414) 902-4766
Appleton, WI	Shawn DeMain, Luke Larson	W3208 Van Roy Rd. Appleton, WI 54915	(920) 815-3455
Brookfield, WI	Shawn DeMain, Luke Larson	12565 West Feerick Street Unit C Brookfield, WI 53005	(262) 439-8972
Kenosha, WI	Chad Sloden, Shane Sloden	8304 75th St, Suite 300 Kenosha, Wisconsin 53142	(262) 361-0094
Madison, WI	Seth King, Aaron Klug	1714 Eagan Rd Madison, Wisconsin 53704	(608) 286-1010
Middleton, WI	Seth King, Aaron Klug	1620 Deming Way, Suite 102 Middleton, Wisconsin 53562	(608) 824-0306
Mequon, WI	Shawn DeMain, Luke Larson	11043 N Port Washington Rd. Mequon, WI 53092	(262) 236-9113

Affiliated Owned Units:

Store Name	Address	Telephone Number	Owners
X-Golf Spokane Valley, WA	15110 E. Indiana Ave., Ste. B, Spokane Valley, Washington 99216		X- Golf America
X-Golf Kennewick, LLC	2905 W. Kennewick Ave., Kennewick, Washington 99336		X-Golf America
X Golf Denville LLC	3130 Rte. 10, Ste. 4, Denville, New Jersey 07834		X-Golf America
X Golf Nationals Park	1500 S. Capitol Street, SE, Washington, DC 20003.		X-Golf America

Franchisees who had signed franchise agreements but were not yet open as of the end of our last fiscal year:

OWNER	ADDRESS	PHONE
-	-	
		-
James Cecil, Joshua Cecil	8140 North Hayden Road Suite H-110 Scottsdale, Arizona 85258	
		-
Johnson Ha	TBD	
Javaid Ahmed, Nikon Limberis, Jeff Arsenault	TBD	
Rick Knight (Knihau)	TBD	
Adam Radin & Chris Butcher	9050 Tryfon Blvd Trinity, Florida 34655	
Tim Dean	TBD	
-	-	-
		-
Matthew Petersn	TBD	
Nafees Rehmatullah, Ketan Patel	TBD	
Ravi, Meenal Goel, Sundari Yanamadula	7047 Newburg Rd Rockford, Illinois 61108	
James Jeong	1100 S. Canal St. Chicago, IL 60607	
Atin Bhadouria, Bryan McClellan, Manuck Ozcan	TBD	
John and Meghan Caron	TBD	
Rob Granahan	TBD	
Dale Hammond	TBD	
Ben Steelman	TBD	
-	-	-

		-
Benjamin Van Vranken, Zac Cochenour	7001 Miami Avenue Madeira, Ohio 45243	
Taryn Sababu, Greg Smith, Shamalia Willis	5395 Deerfield Blvd #2090 Mason, Ohio 45040	
Steve & Jennifer Lobis	389 SW Scalehouse Loop, Bend, Oregon, 97702	
Sean Kelly	TBD	
Marc Cantense	1350 Bald Hill Road Warwick Center Plaza Warwick, Rhode Island 02886	(401) 37X- GOLF
Jason LaFerry	209 South Royal Oaks Boulevard Suite 17 Franklin, Tennessee 37064	
Chris Hurd	4481 Lebanon Pike Hermitage, Tennessee 37076	
Bob & Kim Beck	12301 West Parmer Lane Building One, Suite 5 Cedar Park, Texas 78613	(303) 549-7405
Eric Episkura	1525 Summit Pointe Dr. Chesapeake, VA 23320	757-410-7764
Sam Chun	TBD	
Chad Sloden, Shane Sloden	TBD	
Peter Malkowski	2135 S. Koeller St. Oshkosh, Wisconsin 54902	920-385-0514

### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, transferred 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 have not communicated with us within 10 weeks of the disclosure document issuance date:

Michael Stoneman – Toronto , Canada (248) 497-3198  
Steven Soderburg - Roseville/Rocklin, CA (916) 505-3400

Andrew Stone – Tallahassee, Florida (310) 570-8705  
Joey and Jessica Hofer – Druid Hills, GA (954) 918-3650  
David Yi and Evan Kang – Las Vegas, NV (773) 899-5809

**EXHIBIT I**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

OUR WEBSITE, WWW.PLAYXGOLF.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND BUSINESS OVERSIGHT AT WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF 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.**

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this 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 such persons from membership in that association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California 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 the law, the law will control.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

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.).

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.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Los Angeles, California, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

#### 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.

#### 4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other 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 XGolf business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states:  
\_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

The following risk factor is added to the page titled “Special Risks to Consider About This Franchise”:

- 2. Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delay in opening their outlets, you also may experience delays in opening your outlet.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

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.

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

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.

The following is added to Item 17:

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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

### **(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 relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given

written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful

provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**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 should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- NSF checks are governed by Minnesota Statute 60A.113, which puts a cap of \$30 on service charges.

**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.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE 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.

The following is 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.

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.

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.

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.

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.

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.



## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **OHIO ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

**X GOLF Franchise Corporation**

**April 29, 2024**

### **READ THIS DISCLOSURE DOCUMENT CAREFULLY**

**The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.**

**The following disclosure document contains the disclosures required by Ohio law.**

In the State of Ohio only, this Disclosure Document is further amended as follows:

The following is added to Item 19:

**CAUTION**

**Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.**

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is 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 do 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 involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

**EXHIBIT J**

**STATE ADDENDA TO FRANCHISE AGREEMENT**

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
- 2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
- 3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
- 4. Waivers Void.**
  - (a) Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
  - (b) 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.
- 5. Venue.** 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.
- 6. Termination.** Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“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 Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(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 services 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:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** 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. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.
- 5. Waivers 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.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Insufficient Funds.** The fee referred to in Section 4.8(d) of the Agreement for any payment returned for insufficient funds is reduced to \$30.

**3. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**4. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

**NEW YORK RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve XGF or any other person from any duty or liability imposed by New York General Business Law, Article 33.
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by XGF with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

**OHIO RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between XGOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “BOPA” means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.
- 2. Applicability of BOPA.** Franchisee acknowledges that XGF is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of XGF constitutes an intent that BOPA apply to the transaction between XGF and Franchisee or an admission by XGF that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, “disclosure requirements and prohibitions concerning franchising,” 16 C.F.R. 436.1 et seq.
- 3. No Delivery of Goods or Services during Cancellation Period.** XGF will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.
- 4. Jurisdiction and Venue.** In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.
- 5. Cancellation.** You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.
- 6. Agent for Service of Process.** The name and address of XGF’s agent authorized to receive service of process in Ohio is Northwest Registered Agent Service, Inc., 6545 Market Ave. North, Ste 100, North Canton, OH 44721.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

XGOLF FRANCHISE CORPORATION

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**OHIO  
NOTICE OF CANCELLATION**

[*Insert Date Agreement Signed by FRANCHISEE*]

**You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following XGOLF Franchise Corporation's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to XGF at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of XGF regarding the return shipment of the goods at XGF's expense and risk. If you do make the goods available to XGF and XGF does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to XGF, or if you agree to return them to XGF and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to XGOLF Franchise Corporation, at 1963 Del Amo Blvd, Torrance, CA 90501, or send a fax to XGF at [*Insert facsimile number*] or an e-mail to XGF at [*Insert email address*], not later than midnight of [*Insert date that is five business days after the date above*].**

**I hereby cancel this transaction.**

**FRANCHISEE:**

\_\_\_\_\_

**By:** \_\_\_\_\_

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

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

**Date:** \_\_\_\_\_

**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
  
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

X GOLF Franchise Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT  
AND  
RIDER TO FRANCHISE AGREEMENT**

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.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

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

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

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

\_\_\_\_\_  
Title of Franchisee Representative

## STATE EFFECTIVE DATES

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

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

<b>State</b>	<b>Effective Date</b>
Illinois	April 30, 2024
Indiana	April 30, 2024
Michigan	May 28, 2024
New York	July 19, 2024
North Dakota	June 12, 2024
Rhode Island	April 25, 2024
South Dakota	April 30, 2024
Virginia	May 15, 2024
Wisconsin	April 30, 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

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 X GOLF Franchise Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If X GOLF Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Patrick Armstrong	1963 Del Amo Blvd, Torrance, CA 90501	(323) 400-6611
Anna De’Nooijer	1963 Del Amo Blvd, Torrance, CA 90501	(586) 405-0544

Issuance Date: April 21, 2025 amended May 29, 2025.

I received a disclosure document dated April 21, 2025 amended May 28, 2029 that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- F. Financial Statements
- G. Operating Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements

Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Keep this copy for your records.**



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- G. Operating Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements

Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Return this copy to us.  
X GOLF Franchise Corporation 1963 Del Amo Blvd, Torrance, CA 90501**