

signs, equipment, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the "**System**").

In the N ZONE SPORTS System, our franchisees operate N ZONE SPORTS youth sports leagues and or sporting related camps for children ages ~~2-18~~3-17, and N ZONE junior youth sports program and sporting related camp at participating childcare centers and pre-school programs(the "**Franchised Business**") within a protected territory.

The System has adopted strict guidelines pertaining to league operations, standards, conduct, rules, equipment, uniforms, scheduling software, and recruitment of coaches and participants. Our sports programs promote positive values such as sportsmanship, teamwork, mutual respect, and leadership. We assist you in operating your Franchised Business and design an on-going marketing program to reach potential customers within your protected territory.

Franchisees are required to sign a franchise agreement a pay certain fees for the right to operate a Franchised Business. Our current form of franchise agreement is attached to this disclosure document as Exhibit C (the "Franchise Agreement").

Market and Competition:

The market for your Franchised Business consists of children ages 2-18 and you will primarily market to the parents of children ages 2-18. The youth sports league and camp industry is highly competitive. You will compete with other businesses, including national, regional and local businesses, offering products and services similar to those offered by your Franchised Business. These included independent and franchised businesses. You may also compete with government, municipality or non-profit programs. The market for our products and services may experience seasonal variations, and may be affected by economic conditions, which may vary based on the location you select to develop the Franchised Business.

Regulations.

At all times during the operation of your Franchised Business, you must comply with all laws, rules, ordinances, and regulations ("Laws") imposed on the federal, state or local level, which apply specifically organizations that provide sports instruction, athletic, and recreational services to children and apply to businesses generally. Some state statutes mandate background checks for volunteers of organizations that provide sports instruction, athletic, and recreational services to children. Certain municipal ordinances and administrative regulations also require background checks.

Regardless of whether your state mandates background checks, we require you to conduct background checks on coaches, referees and any staff who have contact with children. You will also be required to comply with workers' compensation, equal protection and workplace safety laws and regulations, including Title VII and the ADA.

ITEM 6: OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	The greater of: 8% of Gross Sales or Minimum Royalty Amount equal to (a) \$300 per month if your Territory is for a population of up to 150,000; or (b) \$450 per month if your Territory is for a population of up to 300,000.	Payable the 10 th day of each month	The Royalty fee shall begin 60 days after completion of training. See Note 2 for the definition of Gross Sales.
Advertising Fund	The greater of: 2% of Gross Sales or \$50 per month	Payable the 10 th day of each month	The Advertising Fund fee shall begin 60 days after the execution of the Franchise Agreement.
<u>Digital Marketing Spend</u>	<u>\$300 - \$500/month</u>	<u>As incurred</u>	<u>We require you to spend at least \$300 per month on digital marketing to promote your Franchised Business and recommend that you spend \$500 per month. You will pay these amounts directly to suppliers; however, we have the right to collect the \$300 monthly minimum amount from you and spend on your behalf if you do not meet the minimum expenditure requirement.</u>
Software and Website	Our then-current fee (presently, \$50 per month) up to a maximum of \$100 per month.	Payable on or before the 10 th day of each month	We will provide and you will utilize our proprietary management and scheduling software. We will also provide you with a customized Website page. This fee is payable monthly beginning 60 days after the execution of the Franchise Agreement. Monthly payments will occur by automatic debt to your credit card.

Additional and Manager Training	\$250 per person	5 days before training begins	We train you and 1 other person (or 2 of your owners) free of charge (See Item 11) – Additional training is provided if necessary.
Conference Fee	\$500 - \$2,500	Prior to Conference	We require you or a staff member to attend 1 national or regional conference as designated by us per year (the "Annual Convention"). The Annual Convention be held at a specific location, or by webinar, or telephone conference, as we designate. We charge an Annual Convention Fee which is set on an annual basis and ranges from \$500 to \$2,500. You will also have to pay your own travel, food and lodging and for any employees you may bring. If you do not attend the Annual Convention, without our prior written approval, then you will pay us a fine equal to the then-current Annual Convention Fee.
Training of Transferee	\$1,500	Prior to consummation of transfer	Payable when the Franchise is transferred. We reserve the right to increase this fee based on our current rates for similar services, <u>subject to a maximum of \$2,500.</u>
Transfer	\$2,000	Prior to consummation of transfer	Payable when the Franchise is transferred.
Exemption of Transfer Fee (business classification change)	\$100	Prior to consummation of transfer	Payable when the Franchise business classification is changed. The fee is waived if requested within one year of execution of Franchise Agreement.
Early Termination Fee	\$1,000	Only payable if you provide less than 90 days' written notice	You may submit a request to terminate the Franchise Agreement at any time, with 90 days' written notice. All requests are subject to our approval.

Late Payment Fee	\$35	Only if you fail to timely make a payment to us when due	We impose a late fee of \$35 upon any late or declined payment.
Late Report Fee	\$50	Only if you fail to timely deliver a report to us	You are required to submit certain reports to us within five (5) days after the end of each calendar month. If you are late, we may impose a late fee of \$50 for each report.
Replacement Manual	\$250	At time of purchase	Cost of replacement copy. (Note: your copy of the Manual is only on loan to you.)
Renewal Fee	\$500	At time of renewal	New franchise agreement, which may have different terms or conditions, must be signed by you and us.
Costs and Attorneys' Fees	Will vary under eircumstances-Actual Costs	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under eircumstances-Actual Costs	As incurred	You have to reimburse us if we are held liable for claims arising from your N ZONE SPORTS Franchised Business's operations.

Note 1: All fees are imposed by and payable to us. All fees are non-refundable. All fees are uniformly imposed. We require payment of all payments due to us using a Debit or Credit card. If we elect to other payment forms, you must authorize your bank to accept automatic withdrawals of the amounts due to us from your bank into our bank account on a monthly basis. You must provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits.

Note 2: The term "Gross Sales", shall mean the gross receipts of every kind and nature for sales of all products and services made in, upon, from or through operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for products, services, exchange, credit, cash, or check regardless whether such sale is conducted in compliance with or in violation of the terms of this Agreement. Gross Sales shall not include the amount of refunds, tax collections, or allowances or discounts to customers, including discounts attributable to coupon sales. Gross sales shall also include all insurance proceeds received by you for loss of business due to a casualty to or similar event pertaining to the Franchised Business.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (*)	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee (Note 1)	\$39,750	\$54,750	Check or Wire transfer	Upon signing the Franchise Agreement.	Us
Real Estate (Note 2)	\$0	\$0	NA	NA	NA
Traveling for Initial Training (Note 3)	\$0	\$5,000	As Incurred	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Miscellaneous Opening Season and Opening Day Costs (Note 4)	\$2,000	\$5,000	Check or Wire transfer	Thirty days prior to opening.	Us
Computer Hardware and Software (Note 5)	\$650	\$1,700	As agreed	As incurred	Third Parties
Professional Fees (Note 6)	\$1,000	\$3,500	As required by providers.	As incurred.	Attorney, Accountant, Other Professional Service Providers
Business Licenses and Permits (Note 7)	\$500	\$1,000	As required by government agencies.	Before opening, as required by government agencies.	Government Agencies
Insurance (Note8)	\$1,500	\$2,500	As required by insurer.	Before opening.	Insurer
Operating Expenses / Additional Funds – 3 months (Note 9)	\$9,000	\$14,000	As incurred.	Payroll weekly, other purchases according to agreed-upon terms.	Employees, utilities, suppliers, etc.
TOTAL	\$54, 500 <u>400</u>	\$87,450			

Notes:

* These estimated initial expenses reflect our current best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our owners and our officers, the experience of our affiliates, and our current requirements for Franchised Businesses. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Franchised Business may be greater or less than the estimates given, depending upon the location of your Franchised Business, and current relevant market conditions. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to vendors or third parties are non-refundable, except as you may arrange for utility deposits and other payments, or as otherwise negotiated in your agreements between you and the vendor or third party.

Note 1: Initial Franchise Fee. The Initial Franchise Fee is based on the population of the territory you select. The low-end estimate is for a territory with a population of up to 150,000 people. The high-end estimate is for a territory with a population of up to 300,000 people. See Item 5.

Note 2: Real Estate. We presume you will operate your N ZONE SPORTS Franchised Business from your home. We do not require you to rent or lease a business premises. If you do rent a business premises we do not approve of the location or provide specifications. We do not estimate any real estate or office space costs. Real estate expenses vary dramatically based on numerous factors.

Note 3: Traveling for Initial Training. You must complete our pre-opening training program before opening your Franchised Business. There is no separate fee for attending our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur if you elect to attend our pre-opening initial training program in person. See Item 11.

Note 4: Miscellaneous Opening Season and Opening Day Costs. This item estimates your initial startup season and opening day expenses based on 120 players. These expenses include sports equipment, supplies, uniforms, medals, field rental, field paint, banners and signs, promotional materials, payroll costs, coach, referee and staff background checks, CPR and First Aid Training. It also includes a bouncy house and stereo equipment rentals, which are optional. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. ~~Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.~~ This estimate also includes a travel and hotel accommodations expense for our corporate representative if you request and we agree to assist you in-person with your opening day launch and activities.

Note 5: Computer Hardware and Software. You are required to purchase, license and use the computer system hardware and software that we designate. We also require Franchised Businesses to use our proprietary scheduling software to streamline processes in four major areas: Participant and team management, scheduling, billing, and payroll

~~**Note 6: Initial Inventory and Supplies.** This item estimates your initial startup season and opening day expenses based on 120 players. These expenses include sports equipment, supplies, uniforms, medals, field rental, field paint, banners and signs, promotional materials, payroll costs, coach, referee and staff background checks, CPR and First Aid Training.~~

~~**Note 7**~~ **Note 6: Professional Fees.** This estimate is for costs associated with the engagement of professionals such as attorneys and accountants for advisories consistent with the start-up of a Franchised Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, and the Franchise Agreement. It is also advisable to consult these professionals to form a new entity for operation of the Franchised Business and review any other contracts that you will enter into as part of the development and operation of your Franchised Business

Note 87: Business License and Permits. You must apply for, obtain, and maintain all required permits and licenses necessary to operate a Franchised Business. The licenses will vary depending on local, municipal, county and state regulations.

Note 98: Insurance. You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit to obtain the minimum required insurance, and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 109: Operating Expenses / Additional Funds - 3 Months. This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as marketing, staff wages, inventory, equipment, and required payments to us, and is only for the initial three-month period following the opening of your Franchised Business. ~~This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Franchised Business.~~ We base these figures on the number of years experience our management team has in the industry.

ITEM 8: RESTRICTIONS ON SOURCES

We have developed our System and we want to ensure that our high level of quality and customer satisfaction is maintained with each franchised outlet. We have documented our process to ensure that each Franchised Business follows the same methods, standards, and specifications in our operations manual(s) (“Operations Manual”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components.

Each franchisee receives the Operations Manual and is required to act in strict compliance with the methods, standards, specifications and guidelines in our Operations Manual. We can and expect

- a. Establish your prices. However, we may make pricing recommendations based on industry wide standards and the going rates in the particular market as part of the initial and ongoing training. We may also include such pricing recommendations in the Operations Manual. This information is solely for training and educational purposes. Each franchisee is solely responsible for establishing their own prices.

4. Advertising

Local Advertising

~~We recommend you spend a minimum of Five Hundred Dollars (\$500.00) every month on approved local paid advertising withing your Territory.~~

~~You may develop and use your own advertising materials but~~You may develop your own advertising materials for your own use and at your own costs, and you may use marketing and advertising materials that we may offer to you from time to time. However, may not use any advertising or marketing materials you develop, unless they have been approved by us in advance. You must submit samples of all advertising, promotional and marketing materials that we have not prepared or previously approved ~~must be submitted to us~~ must be submitted to us for our review and approval ~~before you use them.~~ If you do not receive written approval within 30 days after we receive the materials, we will be deemed to have approved your request. You may not use any advertising, promotional or marketing materials that we have disapproved.

~~We do not provide for placement of local advertising on your behalf, and~~ We have no obligation to spend any amount on advertising or marketing in your area or territory. ~~You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other franchisees in your area, with our prior written approval. You may not maintain~~ We do not typically provide for placement of any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/local advertising or networking site marketing on your behalf, except as provided or approved by us. (Franchise Agreement—Section 6(1)).

~~You must maintain an active dedicated telephone line in connection within the event you fail to spend the operation minimum monthly amount of your N-ZONE SPORTS Business. You agree that upon termination, transfer, or expiration of \$300/month on local digital marketing efforts. In the franchise, you must immediately assign to us any interest that you may have in the telephone numbers and telephone listings used by you in connection with the operation of the N-ZONE SPORTS Business. You shall promptly transfer all telephone calls by call forwarding to us or to such other party or entity as we shall event we direct; to execute any such instruments and take such actions as we may deem necessary to affect such transfer and call forwarding of telephone calls. You acknowledge that this Agreement shall be conclusive evidence of N-ZONE SPORTS' rights to such telephone numbers and directory listings and its authority to direct this transfer. You~~ local advertising on your behalf, we will be responsible for payment in full of all amounts due and owing in connection with your telephone numbers and telephone directory listing accounts through

~~the date of termination, expiration, or transfer of the Franchised Business; including any advertising accounts associated telephone numbers, directory listings, and internet advertising for your N-ZONE SPORTS Franchised Business.~~

~~You agree that upon termination, transfer, or expiration of this Agreement, you use digital media and social media directed for local coverage. We will immediately remove all advertising that you control and notify all advertising sources that your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, you are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires. use our in-house advertising department to deploy these funds.~~

Systemwide Advertising Fund.

We have established and administer an Advertising Fund for the creation and development of marketing, advertising and related programs and materials on a system-wide basis. You must contribute 2% of your Gross Sales or \$50.00 a month, whichever is greater, to the Advertising Fund. The advertising fee is non-refundable. (Franchise Agreement Section 5(b)) (See Items 6, 7 and 9) The Advertising Fund is administered by our Officers. ~~As the N-ZONE SPORTS franchise system expands, we may create an advertising council. We do not currently have any company owned outlets, but in the event we or our affiliates open any company owned outlets, they may contribute to the Advertising Fund but we will have no obligation to do so.~~

~~The Advertising Fund, all contributions thereto, and any earnings thereon, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor or its affiliate believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing Social Media Accounts and other emerging media or promotional tactics; developing, maintaining, and updating a Website on the Internet; review of locally produced advertisements; door hangers, mailers, inserts and coupons; brochures and promotional materials; market research, market surveys, and sponsorships; web site design and maintenance; public relations and related retainers; mystery shoppers for the System and competitors; celebrity endorsements; trade shows (including costs of travel and personnel expenses, trade booths, and specialty entertainment); association dues; search engine optimization; employing advertising and/or public relations agencies; purchasing promotional items; product and service development; providing promotional and other marketing materials and services to the businesses operating under the System. Franchisees who are not yet contributing to the Advertising Fund may be excluded from receiving benefits from the activities of the Advertising Funds. Except incidentally, no portion of the Advertising Funds will be used to sell franchises.~~

The Advertising Fund will prepare income and expense statements at least once each calendar quarter, and at such time as is practical, the entire Fund will be audited annually. Income and expense statements and audit results, as prepared, are available to any franchisee upon written request. ~~Excess funds not spent in any given fiscal year will be carried forward to the next fiscal~~

~~year. Although once established the Fund is intended to remain in existence, we reserve the right to terminate the Fund only after all monies have been spent for advertising and promotion.~~

In our most recent fiscal year ending December 31, 2024, we did not collect ad fund contributions, but subsidized the Advertising Fund spending \$14,400 as follows: Pay-Per-Click 4%, Search Engine Optimization 28%, Web Development 23%, Art Department 39%, and Administrative Expense 6%.

~~It is anticipated that all contributions to and earnings of the Advertising Fund will develop and place be expended for advertising for the N-ZONE SPORTS system; decide whether to use advertising agencies and/or promotional purposes during the taxable year within which ones; and to decide which media to use, which may include print, radio, television, or direct mail. It may also include further development of a national web site. Youthe contributions are prohibited from producing any website for use with the Franchised Business unless specific written permission is given by us.~~

~~All franchisees contribute to made. If, however, excess amounts remain in the Advertising Fund on the same basis, and at the expenditure end of funds such taxable year, all expenditures in the following taxable year(s) will be limited to advertising, promoting and marketing the goods and services offered by made first out of accumulated earnings from previous years, next out of earnings in the N-ZONE SPORTS system. Franchisees who are not yet contributing to the Advertising Fund may be excluded current year, and finally from receiving benefits from the activities of the Advertising Funds. Except incidentally, no portion of the Advertising Funds will be used to sell franchises. We receive reimbursement from the Fund for our advertising related administrative costs, indirect expenses and subsidizing costs. The Advertising Fund's operating rules and guidelines will be determined by our Officers. We will spend funds to benefit the N-ZONE SPORTS Franchise System. This does not mean, however, that advertising expenditures will be made in your territory, nor will be equivalent or proportionate to your contribution. We may place additional regional or national advertising at our own expense, but are not obligated to do so. contributions.~~

Regional Advertising

We do not currently have a regional advertising fund or cooperative and we do not have the power to require such funds or cooperatives to be formed, changed, dissolved or merged.

Advertising Council

The Franchise Agreement does not preclude us from creating a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and outlet profitability. The council will serve in an advisory capacity only. We have the right to form, change or dissolve the council at any time.

5. Website/Social Media (Franchise Agreement - Section 7.13)

Although not required, we do highly recommend a broadband connection for your computer. ~~We reserve the right to require you, at your expense and in the time frame determined by us, to update or upgrade the hardware and/or software you use to conform to new standards or specifications. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our scheduling and management software, or any replacements thereto. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.~~

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. Likewise, we have no obligation to maintain, repair, update or upgrade your computer and software.

We will not directly have ~~visibility for independent access to your computer system; however, we have independent access to~~ all transactions that occur through our website and require you to provide ~~visibility~~ with independent access to your authorization/payment gateway. There are no contractual limits on our right to access this information. We also have the right to audit your financial records.

7. Table of Contents of Operations Manual.

The table of contents of our Operations Manual ("Manual" or "Operations Manual") is attached in Exhibit "D." The Manual has approximately 118 pages.

8. Training.

You must attend and successfully complete to our satisfaction the initial training program that we provide to franchisees (the "**Initial Training**"). We may extend the Initial Training for anyone who fails to successfully complete the program, until training is successfully completed. Your manager, if any, may attend training but must sign a confidentiality agreement and non-competition agreement prior to attendance. The Initial Training lasts for approximately 2 days and is presently conducted either Via Zoom teleconferencing software or, at our headquarters in Tampa, Florida, on-line. Successful completion consists of attending the 2-day training program outlined below. Training programs are scheduled and run as needed. Your training will be scheduled so that it is completed at least seven days before you open for business. You may not open your business until you have completed mandatory pre-launch training. There is no charge for the Initial Training of up to two persons. You will pay us \$250 for each additional person you send to our Initial Training. You are responsible for your compensation, travel, lodging and living expenses incurred in connection with your attendance at any training program. Any person attending training is required to execute our current confidentiality agreement (if not named on the Franchise Agreement). (Franchise Agreement - Section 4) Currently our Initial Training consists of the following:

The following tables provide additional information about our initial training programs:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Introduction to N ZONE SPORTS	2	N/A	Tampa, FL or Virtual Conference
N ZONE SPORTS Youth Sports Programs	1.5	N/A	Tampa, FL or Virtual Conference
N Zone Jr	2	N/A	Tampa, FL or Virtual Conference
Coaches, Players and Parents	2	N/A	Tampa, FL or Virtual Conference
Advertising and Marketing	2	N/A	Tampa, FL or Virtual Conference
Venue Selection	1	N/A	Tampa, FL or Virtual Conference
Website Operations	2	N/A	Tampa, FL or Virtual Conference
Miscellaneous	1.5	N/A	Tampa, FL or Virtual Conference
TOTAL	14 Hours		

It is the nature of the N ZONE SPORTS Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times.

Instructors:

Shane Larkin leads our initial training program: Guest Instructors may also assist with Initial Training, with at least five (5) year’s experience in the subject taught. We set forth the length of the Instructors’ experience in the industry and with the franchisor below:

<u>Instructor</u>	<u>Years of Experience in Subject Taught</u>	<u>Years of Experience with the Franchisor*</u>
Shane Larkin	11	11

~~Additionally, we conduct optional training programs and conference. If you participate you must pay the costs and expenses for yourself and anyone attending with you. We may charge for optional training programs. We may require you to attend additional training or refresher courses.~~

Following the initial phase of in-person training, you will be assigned to a dedicated support specialist from our corporate office to assist you in completing two additional phases of pre-opening training. This assistance includes but is not limited to rate setting, establishing an advertising and marketing campaign, coach recruitment and staffing, concessionaire services and marketing, role playing and setting up back-office functions. Following successful completion of these training modules, you will be granted approval to market and accept players. During this phase, you will submit applicable documentation to your dedicated support specialist to confirm that you are operating within our System Standards and meeting expectations for all N ZONE SPORTS franchisees.

During the course of coaching Franchise Owners, we may be asked various questions regarding employment classifications. We may provide suggestions or discuss options available but the decisions made are in no way requirements or suggestions. Employment classifications are entirely determined and decided upon by the Franchise Owner.

Additionally, we conduct optional training programs and a mandatory conference. We may charge up to \$250 per person for optional trainings. We charge an Annual Convention Fee which is set on an annual basis and ranges from \$500 to \$2,500. If you do not attend the Annual Convention, without our prior written approval, then you will pay us a fine equal to the then-current Annual Convention Fee. If you participate you must pay the costs and expenses for yourself and anyone attending with you. We may charge for optional training programs.

We may also require you to attend additional training or refresher courses. We may charge up to \$250 per person for additional training or refresher courses, and you must pay the costs and expenses for yourself and anyone attending with you.

ITEM 12: TERRITORY

Under the Franchise Agreement, we will grant you the right to develop and operate a Franchised Business within a designated geographic region (your “**Territory**”).

The Territory is for a location to be approved by us. The scope and size of your Territory will vary from the scope and size of the operating territories of other franchisees in our System and will be determined by us based on population density, demographics, and geographical boundaries. While there is no minimum size for an operating territory, your Territory will, generally, be a geographic area that contains a population of either (a) approximately 150,000 people or (b) approximately 300,000 people (see Item 5). Our determination as to population within your Territory will be made at the time of signing your Franchise Agreement and will be based on estimates provided by a commercially available mapping tool that utilizes data, demographics, estimates, projections, and other factors to define a geographical region. We may identify your Territory by zip code, boundary streets, highways, county lines, census tracts, designated market area, and/or other recognizable demarcations. We will provide you with a territory report as a supplement to this disclosure document during the territory selection process and your selected Territory will be defined and attached to the Franchise Agreement.

Your Franchised Business may be operated from anywhere within the Territory. You do not need our permission to relocate as long as you remain within the Territory.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises. However, you may ask us at any time to purchase additional franchises. When evaluating your ability to purchase additional franchises we will consider factors such as your financial history, performance, and adherence to the terms of the Franchise Agreement. Additionally, you may ask to expand your Territory to add a contiguous geographical area containing an additional population of 10,000 or more, subject to availability and at our discretion. If granted by us, the cost of an expansion will be \$1,000.00 per 10,000 people and all other terms of your Franchise Agreement will remain the same.

~~During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another N ZONE SPORTS outlet or grant the right to anyone else to open a N ZONE SPORTS outlet within your Operating Territory. Likewise, there is no minimum sales quota, and you maintain your rights to your area as long as you abide by your Franchise Agreement. We may not alter your Territory without your consent. Despite these limited protections,~~ You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

~~Except when advertising cooperatively with other N ZONE SPORTS franchisees, There are no restrictions on us from soliciting or accepting orders from consumers inside your Territory. We may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to sell and provide N ZONE SPORTS and N ZONE Junior products to consumers within your Territory using our principal trademarks (or another trademark) without any compensation to you.~~

~~There are restrictions on you from soliciting or accepting orders from consumers outside of your territory.~~ You are not permitted to advertise, market, promote or solicit services anywhere outside of your Territory, nor may you use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Territory, unless you are doing so as part of a regional cooperative or you enter into a written agreement with us which addresses specific terms, policies and procedures for temporarily operating outside of your Territory. (See Rider A to the Franchise Agreement). ~~Additionally, your right to operate a Franchised Business in the Territory are subject to certain rights reserved by us. We reserve all rights not expressly granted in the Franchise Agreement. For example, we have the right to:~~

- ~~(a) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to sell and provide N ZONE SPORTS and N ZONE Junior products to consumers within your Territory using our principal trademarks (or another trademark) without any compensation to you;~~
- ~~(b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories;~~

~~solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;~~

~~(e) to establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;~~

~~(d) Neither we or any affiliate currently operates, franchises, or has plans to operate or franchise a business offering similar goods or services as your N ZONE SPORTS Business under a different trademark; however, there are no restrictions on our right to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised N ZONE SPORTS Business and may have one or more competing outlets within your Territory, however, except that we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;~~

~~(e) conduct or assign any N ZONE SPORTS business within your Territory that you refuse to perform, you are unable to perform or offer or while you are in default of your Franchise Agreement;~~

~~(f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,~~

~~(g) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.~~

ITEM 13: TRADEMARKS

The Franchise Agreement will license to you the right to operate your Franchised Business under the following principal trademarks ("Marks") registered or applied for with the United States Patent and Trademark Office ("USPTO"):

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
N ZONE SPORT	N/A Serial Number: 99117032	Application filed April 2, 2025	Application filed April 2, 2025
N ZONE JUNIOR	N/A Serial Number: 99121113	Application filed April 4, 2025	Application filed April 4, 2025

	N/A Serial Number: 99117153	Application filed April 2, 2025	Application filed April 2, 2025
	N/A Serial Number: 99121104	Application filed April 4, 2025	Application filed April 4, 2025

We have filed all required affidavits. No renewals have been filed. We do not have a federal trademark for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section. We are not aware of any superior rights or infringing uses that could materially affect your use of our trademarks.

Use of the Marks-

~~You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.~~

Infringements.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim and cooperate with us fully in pursuing, defending or settling the litigation. We have no affirmative obligation to preserve and protect the ownership and validity of our trademarks. However, we will take all steps that we deem reasonably appropriate. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any

2024 through December 31, 2024. Eighteen (43%) of these outlets were operated Full-Time and twenty-four (57%) of these outlets were operated Part-Time. Table 1 excludes two franchisees because they closed operations during the calendar year 2023. Table 2 also excludes all Sales Year 1 outlets, which are reported in Table 1.

TABLE 1: 2024 Gross Sales (Outlets in Sales Year 2+)		
	Full-Time	Part-Time
Average Gross Sales	\$258,753	\$94,330
Count	18	24
# at/above average	8	13
% at/above average	44%	54%
Median Gross Sales	\$194,125	\$98,965
Highest Gross Sales	\$894,575	\$282,512
Lowest Gross Sales	\$45,770	\$17,294

NOTES APPLICABLE TO ALL TABLES:

1. The term "Gross Sales" includes all revenue, excluding only sales tax, refunds and discounts.
2. Written substantiation for the financial performance representations described above will be made available to you on reasonable request. Please carefully read all of the information in these financial performance representations, and the notes following the tables, in conjunction with your review of the historical data. The information presented above has not been audited.
3. Some outlets have earned this much. Your individual results may differ. There is no assurance that you'll earn as much.
4. We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a N ZONE SPORTS Franchised Business.
- ~~5. Results may vary among N ZONE SPORTS businesses depending on prevailing economic or market area conditions, demographics, geographic location, interest rates, your capitalization level, the amount and terms of any financing that you may secure, the property values and lease rates, your business and management skills, staff strengths and weaknesses, the cost and effectiveness of your marketing activities and weather/seasonal factors.~~

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of any company-owned or franchised outlets. We also do not authorize our employees or representative 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 Tony Westbrook, 11705 Boyette Rd, Ste 209, Riverview,

ARTICLE V. INITIAL AND ONGOING TRAINING.

- 5.1. Initial Training Program.** Within thirty (30) days of your signing this Agreement, you will attend and complete to our reasonable satisfaction the initial training program offered by us ("Initial Training"). Any person attending training is required to execute our then current confidentiality agreement and non-competition agreement if they are not a party to this Agreement. We may extend the Initial Training for you if you fail to successfully complete the program. You may not open your business until you have completed training. N ZONE SPORTS training is included in your Franchise Fee, but you must pay travel and living expenses. We also make available our instructor lead computerized on-line training for you if you are unable to attend our classroom training.
- 5.2. Initial Training Location.** Initial Training will occur either by (i) video conference, or (ii) Training at the N ZONE SPORTS Corporate Headquarters in Tampa, FL.
- 5.3. Additional Training.** Franchisor may offer from time to time, in its discretion, mandatory or optional additional training programs. ~~We recommend, but do not require, you attend 1 national or regional conference as designated by us per year. The conference shall be held at a specific location, or by webinar, or telephone conference, as we designate. If you attend, we can charge you a conference fee between \$50.00 and \$500.00 for the conference and you will have to pay your own travel, food and lodging and for any employees you may bring. We may also have an annual convention for our franchisees.~~
- 5.4. Training Expenses.** For all training courses, seminars and programs, you will be responsible for any and all expenses incurred by you and your employees in connection with attendance, including, without limitation, the costs of transportation, lodging, meals, and wages.

ARTICLE VI. ONGOING FEES.

- 6.1. Royalty.** You will pay us a continuing royalty fee in the amount shown in Schedule 1, which is based on Gross Sales for the month. Gross Sales shall mean the gross receipts of every kind and nature for sales of all products and services made in, upon, from or through operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for products, services, exchange, credit, cash, or check regardless whether such sale is conducted in compliance with or in violation of the terms of this Agreement. Gross Sales shall not include the amount of refunds, tax collections, or allowances or discounts to customers, including discounts attributable to coupon sales. Gross sales shall also include all insurance proceeds received by you for loss of business due to a casualty to or similar event pertaining to the Franchised Business. This royalty fee shall begin sixty (60) days from the date of this Agreement and shall continue through the term of this Agreement. Royalty fees are due on or before the tenth (10th) day of the next calendar month, based on the preceding month's Gross Sales payable by credit card. Late charge may be applied if not paid on time.
- 6.2. Advertising Fund.** You will pay us a continuing advertising contribution equal to two percent (2%) of your Gross Sales or Fifty Dollars (\$50.00) a month, whichever is greater. The advertising contribution will go into a separate account and be used for regional or national advertising programs for the benefit of N ZONE SPORTS businesses as we see

fit. We receive reimbursement from the Fund for our advertising related administrative costs, indirect expenses and subsidizing costs. Your advertising contribution shall begin sixty (60) days from the date of this Agreement and shall continue through the term of this Agreement. Advertising fees are due on or before the tenth (10th) day of the next calendar month, based on the preceding month's receipts payable by credit card.

- 6.3. Local Advertising Recommendation.** You are ~~not~~ required ~~by this Agreement~~ to spend a minimum ~~amount on local advertising; however, of Three Hundred Dollars (\$300.00) every month on digital marketing, and~~ we recommend that you spend a minimum total of Five Hundred Dollars (\$500.00) every month on approved local paid advertising within your Territory. Upon our request, you will provide us with a report detailing your monthly minimum advertising expenditures. If you fail to spend the minimum amount on digital marketing, then we have the right to require you to pay \$300 to us each month so that we can spend this amount on digital marketing on your behalf.
- 6.4. Technology Fees.** During the term of this Agreement, we will provide to you, and you will utilize, our proprietary management and scheduling software. We will also provide you with a customized Website Page (your "Sitelet"), a dedicated N Zone Sports email account and a subscription to the Constant Contact email marketing program. You will be charged the then-current "Technology Fee" for these services, which shall be paid on or before the tenth (10th) day of each month by automatic debt to your credit card. As of the Effective Date, the Technology Fee is Fifty Dollars (\$50.00) per month and may be increased up to a maximum of \$100 per month to address increases in costs or services added.
- 6.5. Annual Convention Fee.** We require you or a staff member to attend 1 national or regional conference as designated by us per year (the "Annual Convention"). The Annual Convention be held at a specific location, or by webinar, or telephone conference, as we designate. You will pay an Annual Convention Fee as set by us on an annual basis and ranges from \$500 to \$2,500 per year. You will also have to pay your own staff wages, travel, food and lodging and for you any employees you may bring. If you do not attend the Annual Convention, without our prior written approval, then you will pay us a fine equal to the then-current Annual Convention Fee.
- 6.6. Additional Training Fee.** If you want to send additional persons to our Annual Convention, you are required to complete additional or refresher training by us, or you elect to attend an optional training program, then you will pay us an additional training fee of \$250 per person.
- 6.6.6.7. Late or Declined Payments.** You will pay a late fee of \$35 upon any late or declined payment.

ARTICLE VII. YOUR OBLIGATIONS.

- 7.1. Pre-Opening Obligations.** You may not open your N ZONE SPORTS business until: (1) Initial Training has been completed to our satisfaction; (2) the initial Franchise Fee and all other amounts then due to us have been paid in full, and (3) you submit proof of insurance in the amounts stated in subsection (h) below.

and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, statutory workers' compensation insurance, and any other coverage required by local, state or federal law. Such policy or policies will be written by a responsible carrier, will name us as an additional insured, and will provide at least the types and minimum amounts of coverage specified in the Operations Manual.

7.12. Duty Not to Interfere. You covenant, represent and warrant that you will not, in any manner, interfere with, disturb, disrupt, or jeopardize the N ZONE SPORTS System or its Services or Products, your N ZONE SPORTS Business, our Business or any business of our other franchisee of ours or our customers.

7.13. Online Presence. ~~You shall not establish a web site on the Internet using any domain name containing the words "N ZONE" in it or any variation thereof. You must also not create, maintain or operate any blogs, Internet web sites or other online activities advertising, promoting or discussing the services of the N ZONE SPORTS Business, any competitive business or any youth sports program or camp or youth sports related business, including the sending of bulk e-mail or facsimiles, other than in accordance with our Manuals or as we otherwise specify in writing. You shall, within forty eight (48) hours of a demand to do so by us, dismantle and/or deactivate any frames and/or links between your web pages and any other web sites or violating domains, or any other items appearing on the Internet or elsewhere in violation of our policies and procedures. You will not establish any Website separate from Franchisor's principal Website (currently, <https://www.nzonesports.com>) ("Franchisor's Website") to promote your N ZONE SPORTS Business, offer youth sports leagues or programs, or otherwise display the "N Zone" Marks. The term "Website" includes any interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web. Likewise, you will not establish any Social Media Account separate from those established and designated for use by us to promote your N ZONE SPORTS Business, offer youth sports leagues or programs, or otherwise display the "N ZONE" Marks. The term "Social Media Account" includes any account, page, or other presence on a social or business networking medial site, including, but not limited to: Facebook, Instagram, FourSquare, LinkedIn, Pinterest, Snapchat, Telegram, TikTok, Twitch, X (formerly Twitter), personal blogs, virtual worlds, audio and video-sharing sites, and other similar social networking or media sites or tools presently existing or developed in the future. The following provisions apply to your use of any Website or Social Media Account:~~

- ~~(a) You specifically acknowledge, understand and agree that any Website or Social Media Account owned, established, or maintained by or for the benefit of your N ZONE SPORTS Business will be deemed "advertising" under this Agreement and will be subject to, among other things, our prior review and approval;~~
- ~~(b) You acknowledge, understand and agree that you do not have any permission, authorization or right to utilize any of the N Zone Marks in connection with supporting, endorsing, promoting or otherwise advocating, advertising or marketing~~

in favor of or against any political party or candidate or cause or position at any time; and

(c) Neither you or any of your owners or workers will make any posting or other contribution to a Website or Social Media Account relating to us, the System, the Marks, or your N ZONE SPORTS Business that (a) is derogatory, disparaging, or critical of us, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Marks, or (d) violates our policies relating to the use of Websites and Social Media Accounts.

Upon notice by us that your use of any Website or Social Media Account violates this Agreement, you shall, within forty-eight (48) hours take all necessary steps to deactivate or dismantle such Website or Social Media Account (or otherwise remove the prohibited material from such Website or Account).

7.13.7.14. Telephone. You must maintain at all times an active, dedicated telephone line in connection with the operation, advertising and marketing of your N ZONE SPORTS Business.

7.14.7.15. Annual Convention. You or at least one member of your staff must attend our Annual Convention.

7.15.7.16. Separation of Business Operations from Provision of Products and Services.

You may operate your Franchised Business from your home or, at your option you may lease commercial office space from which to manage the day-to-day business of your Franchised Business. If you choose to manage the day-to-day business from a location, other than your home, you are not required to obtain our approval. However, due to the nature of an N ZONE SPORTS business, management and the actual provision of N ZONE SPORTS leagues and programs do not occur at the same location. You are strictly prohibited from hosting any N ZONE SPORTS leagues and programs at your own home or office location. N ZONE SPORTS leagues must at all times be played on fields and courts in your Territory that are leased or rented, and any preschool programs must at all times be offered on-site at preschools in your Territory.

ARTICLE VIII. OPERATION AND SYSTEM STANDARDS

8.1. Marks. We own certain trademarks, service marks, trade names and trade symbols, trade dress, indicia of origin, signs, slogans, associated logos, designs, emblems and URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and copyrights (collectively, "Marks"), the distinctiveness and value of which you acknowledge. You will use only the Marks designated by us, and will use them only in the manner authorized and permitted by us, and only in the operation of your Franchised Business, as set forth in this Agreement, the Manuals and in accordance with our System Standards. We reserve the right, in our sole discretion, to modify, add to, or discontinue use of the Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. You agree promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following State Specific Addendum applies to the N ZONE SPORTS Disclosure Document and may supersede certain portions of the Franchise Agreement dated _____ and all related agreements.

The provisions of this State Specific Addendum apply only to those franchisees residing or operating a N ZONE SPORTS business in the following states: California, Hawaii, Indiana, Illinois, Minnesota, New York, Virginia and IllinoisWashington

CALIFORNIA

~~The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:~~

~~The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with this Disclosure Document.~~

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Agreement contains provisions that are inconsistent with the law, the law will control.

The Franchise Agreement provide 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 contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

Section 31125 of the California ~~Corporations~~Corporation Code requires ~~usthe franchisor~~ to giveprovide you with a disclosure document, ~~in a form containing the information that the commissioner may by rule or order require,~~ before ~~a solicitation of a proposed~~ asking you to agree to a material modification of an existing franchise.

Neither the franchisor, ~~nor~~ any person ~~norfor~~ franchise broker in Item 2 of ~~this~~the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. ~~7&a79a~~ et. seq., suspending or expelling such persons from membership in such association or exchange.

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.

The Franchise Agreement require application of the laws of Florida. This provision may not be enforceable under California law.

The franchise agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~BUSINESS—OVERSIGHT, FINANCIAL PROTECTION AND INNOVATION~~. ANY COMPLAINTS, CONCERNING THE ~~CONTENTS~~CONTENT OF THIS WEBSITE ~~MSY~~MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF ~~BUSINESS OVERSIGHT, FINANCIAL PROTECTION AND INNOVATION~~ at www.dfpi.ca.gov.

~~California Law Regarding Termination and Nonrenewal.~~ California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

~~Termination Upon Bankruptcy.~~ The Franchise Agreement provides for termination upon bankruptcy. This provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

~~Post Termination Noncompetition Covenants.~~ The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

~~Applicable Law.~~ The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

~~Arbitration.~~ The Franchise Agreement requires binding arbitration. The arbitration is to occur at the office of the America Arbitration Association in the county in which our principal place of business is located. The cost of the arbitration will be borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional 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. This provision may not be enforceable under generally applicable contract defenses such as fraud, duress or unconscionability.

~~Financial Performance.~~ The financial performance representation 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 you (franchised

~~business). Franchisees or former franchisees, listed in the disclosure document, may be one source of the information.~~

The highest interest rate allowed by law in California is ten percent (10%) annually.

No statement, questionnaire, or ~~acknowledgement~~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-.”

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.

THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT.

<u>Franchisor</u>	<u>Franchisee</u>
<u>Signature</u>	<u>Signature</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

HAWAII

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document or Franchise Agreement are inconsistent with the terms below, the terms below control.

THESE FRANCHISES 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 of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT.

<u>Franchisor</u>	<u>Franchisee</u>
<u>Signature</u>	<u>Signature</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

INDIANA

As to franchises governed by the Indiana Code, if any of the terms of the Franchise Disclosure Document or Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not 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 by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT AGREEMENT.

<u>Franchisor</u>	<u>Franchisee</u>
<u>Signature</u>	<u>Signature</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

MINNESOTA

1. “Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.”

FDD: Item 17

FA: Section 20.3

2. “With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.”

FDD: Item 17

FA: Article XII

3. The Disclosure Document and the agreement must state that the franchisor will protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name.

FDD: Item 13

FA: Section 15.4

4. Minn. Rule 2860.4400D. prohibits requiring a franchisee to assent to a general release. Amend to exclude claims under the Minnesota Franchise Law.

FDD: Item 17

FA: Section 3.2; Exhibit G

5. Minn. Rule 2860.4400J prohibits termination penalties.

FDD: Item 17

FA: NA

6. Pursuant to Minn. Stat. Sec. 80C.17, Subd.5, no action may be commenced pursuant to this section more than three years after the cause of action accrues.

FDD: Item 17

FA: Section 16.6

7. “NSF checks and related interest and attorneys’ fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys’ fees.”

FDD: Item 5

FA: Section 6.6

8. “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.”

FDD: Item 22

FA: Section 20.1

9. The Franchisor will defer collection of the Initial Franchise Fee for until the Franchisee's Franchised Business is open for business.

FDD: Item 5 and 7

FA: Section 2.1

THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT.

<u>Franchisor</u>	<u>Franchisee</u>
<u>Signature</u>	<u>Signature</u>

<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

VIRGINIA

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document or Franchise Agreement are inconsistent with the terms below, the terms below control.

~~1.~~ In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

~~Additional Disclosure:~~ The following statements are added to Item 17.h.

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

THIS ADDENDA MUST BE EXECUTED SIMULTANEOUSLY WITH THE FRANCHISE AGREEMENT.

<u>Franchisor</u>	<u>Franchisee</u>
<u>Signature</u>	<u>Signature</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, and Related Agreements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

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