



## FRANCHISE DISCLOSURE DOCUMENT

Playa Bowls Franchisor, LLC

A New Jersey limited liability company;

803 Ocean Avenue, Belmar, New Jersey 07719

Tel: (732) 257-8604

franchising@playabowls.com

www.playabowls.com

The franchise ~~offered that we offer~~ is for Playa Bowls®, a fast-casual shop ~~offering~~ featuring acai bowls, pitaya bowls, coconut bowls, ~~chia pudding mango~~ bowls, oatmeal bowls, smoothies, juices, and other healthy ~~food options menu~~ items. We offer individual unit Playa Bowls shop franchises and ~~area development~~ franchises for the development of multiple ~~Playa Bowls shops~~ Shops within a designated territory.

The total investment necessary to begin operation of a Playa Bowls shop under a franchise agreement is \$188,675 to ~~\$465,058~~ \$636,458. This includes \$35,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a Playa Bowls shop under a multi-unit development agreement is \$223,675 for three ~~shop~~ locations to ~~\$622,558~~ \$793,958 for 10 ~~shop~~ locations. This includes \$70,000 for three ~~shop~~ locations to \$192,500 for 10 ~~shop~~ locations that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another ~~format~~ form that is more convenient for you. To discuss the availability of disclosures in different ~~formats~~ forms, contact ~~Gary Moss, CEO~~ Dan Harmon, CEO, Playa Bowls Franchisor, LLC ~~at~~, 803 Ocean Avenue, Belmar, New Jersey 07719, and (732) ~~407-5979~~ 257-8604.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. ~~20580~~. You can also visit the FTC's home page at [www.ftc.gov](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 28, 2023~~ April 28, 2024



## How to Use ~~this~~This Franchise Disclosure Document

Here are some questions ~~you~~ 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 <del>Exhibit D</del> <u>Exhibits G and H</u> .
<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 <del>A</del> <u>D</u> 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 Playa Bowls business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement <del>and multi-unit development agreement</del> 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 Playa Bowls franchisee?</b>	Item 20 or <del>Exhibit D</del> <u>Exhibits G and H</u> list 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.
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## 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 [GA](#).

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.





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### Special Risks to Consider About *This* Franchise

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

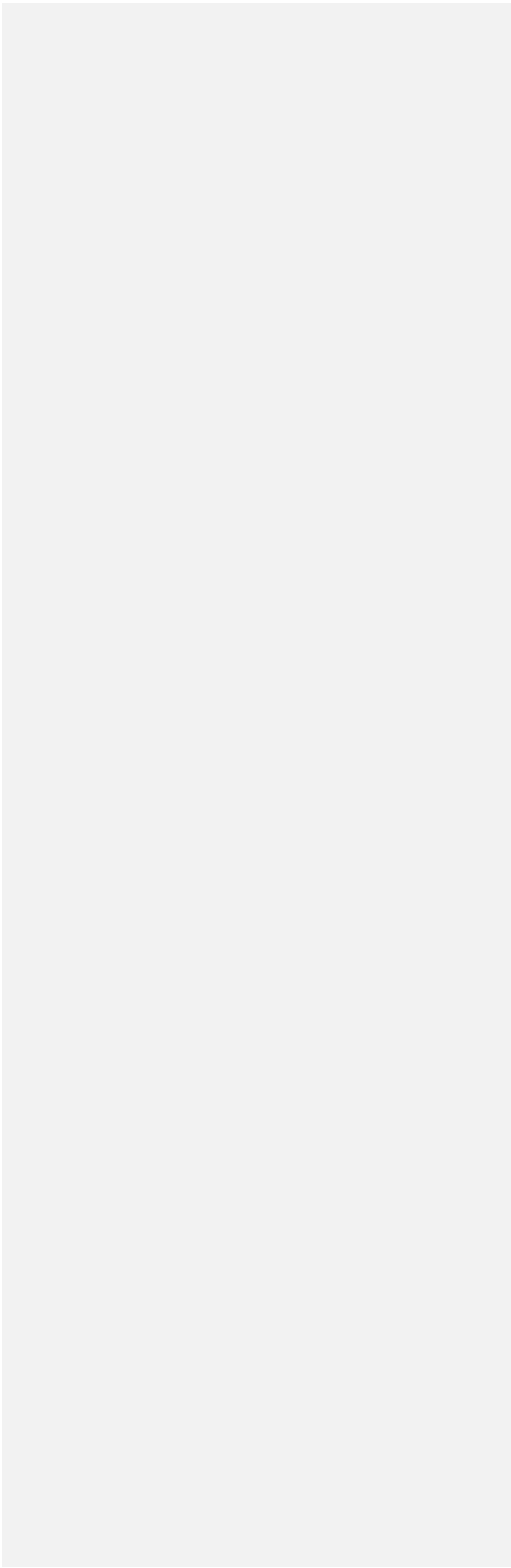
1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both ~~your~~you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **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 delays in opening their outlets, you also may experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. ~~If so, check~~Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.



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NOTICE REQUIRED BY THE STATE OF MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

The Michigan Franchise Law states in Sec. 445.1527, Sec.-27 that 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 protections, 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~~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 five 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 six months advance notice of ~~franchisor's~~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~~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~~franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, 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  
CONSUMER PROTECTION DIVISION  
Attention: Antitrust & Franchise  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117





Playa Bowls®  
Franchise Disclosure Document

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

Playa Bowls Franchisor, LLC, the franchisor of the Playa Bowls franchise is referred to in this franchise disclosure document (the “Disclosure Document”) as “we”, “us” or “our” as the context requires. A franchisee is referred to in this Disclosure Document as “you”, ~~and “your”, or “franchisee”~~ as the context requires. If you are a corporation, partnership, or other legal entity, ~~(a “Corporate Entity”)~~, our Franchise Agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

**The Franchisor**

We are a New Jersey limited liability company established on June 21, 2016. Our ~~principle~~principal place of business is 803 Ocean Avenue, Belmar, New Jersey 07719, ~~and we do. We conduct~~ business under our corporate name ~~and~~Playa Bowls Franchisor LLC and under the ~~Marks as described below: Playa Bowls trade name.~~ Our business is operating the Playa Bowls Shop franchise system and granting franchises to third parties like you to develop and operate a ~~Playa Bowls shop.~~Shop. We began offering franchises in July 2016. ~~We and, other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business and we do not engage in any other business activity.~~ We have ~~not conducted a business of the type to be operated by~~ had no predecessors in the franchisee last 10 years. Our registered agents for service of process are disclosed in Exhibit GB of this Disclosure Document.

**The Franchised Business**

~~We license a system (the “System”) for the development and operation of a Playa Bowls shop (each, a “Franchised Business” or “Shop”) that serves a menu of acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, smoothies, juices, and other healthy menu items for on-premises dining, carryout, catering, and delivery (the “Approved Products and Services”). The System includes Approved Products and Services that we currently designate and that we may modify, add to, or discontinue from time to time, and our specifications, methods and procedures for the preparation, service, marketing and sale of Approved Products and Services by the Franchised Business. The System also features and requires, as designated by us, your exclusive use of certain ingredients, including acai, pitaya, mango, fruit, toppings, and other food products, beverages, packaging materials, and supplies used to prepare Approved Products and Services, and other supplies and equipment that we designate for use in your Shop (collectively, the “System Supplies”). The System is presently identified by the Playa Bowls trademark, the Playa Bowls logo and other trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify, and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “Licensed Marks”). You must develop and operate your Shop in conformity with the requirements of our System, including the specifications, procedures, criteria, and requirements that we designate in our confidential Operations Manual and other proprietary manuals that we may designate and, as we may supplement and modify from time to time (collectively, the “Operations Manual”).~~

In addition to the development and operation of a fixed location Shop (each a “Shop Location”), following the opening of your Playa Bowls Shop and, based on franchisee request, market type, and availability, we



may, in our discretion, offer qualified franchisees the option to supplement the operations of their Shop with the purchase and operation of a Playa Bowls branded and authorized food truck (each a “Food Truck”). Food Truck operations are ancillary to and in support of a Shop Location and limited to the geographic designated territory of the Franchised Business and subject to our operational standards and specifications.

#### **Franchise Agreement**

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate a Shop from a single Shop Location within a designated territory. You will be required to develop and operate your Shop in conformity with the requirements of our System and at a Shop Location that we approve. A Shop will ordinarily be located in high traffic retail commercial locations, including strip shopping centers. If you do not have an approved site for your Shop Location you must select a site in accordance with the Franchise Agreement and obtain our written approval of the Shop Location. Your rights in the System will be limited to the development and operation of a single Shop serving only our Approved Products and Services from your approved Shop Location and using only our System Supplies. Your Shop must conform to the requirements of our System.

If, in our discretion and following your request, we authorize you to operate a Food Truck, we will enter into the Food Truck Addendum attached as Exhibit 9 to the Franchise Agreement. You will be required to develop and operate your Food Truck in conformity with the requirements of our System. The operations of your Food Truck will be limited to the designated territory of your Shop and further limited and restricted subject to our standards and specifications for the operations of a Food Truck and where a Food Truck may be operated within your designated territory.

#### **Multi-Unit Development Agreement**

If we approve your request, in addition to signing a Franchise Agreement in the form attached as Exhibit E, you may enter into a Multi-Unit Development Agreement attached to this Disclosure Document as Exhibit F, to develop and operate multiple Shops. The total number of Shops that you will be required to develop and operate under a Multi-Unit Development Agreement will vary from three Shops to 10 Shops, as negotiated at the time of signing the Multi-Unit Development Agreement. Each Shop must be developed by you within a designated geographic area (the “Development Area”) and each Shop must be developed and operated under the terms of our then current individual unit Franchise Agreement which may differ from the Franchise Agreement included in this Disclosure Document. Your Multi-Unit Development Agreement will include a development schedule (the “Development Schedule”) containing a deadline by which you must develop and open each Shop. Your Development Schedule may vary depending on your Development Area and the number of Shops that you are required to develop.

Unless otherwise specified, the information contained in this Disclosure Document applies to single unit development under a Franchise Agreement and multi-unit development under a Multi-Unit Development Agreement. If you are not contracting for the right to develop multiple Shops, you will not be signing a Multi-Unit Development Agreement. Even if you sign a Multi-Unit Development Agreement, you will also be signing individual Shop Franchise Agreements with the first Shop Franchise Agreement being the Franchise Agreement attached to this Disclosure Document as Exhibit E and signed simultaneous with the signing of the Multi-Unit Development Agreement.

#### **Our Parents, Predecessors, Parent and Affiliates**

##### **PB Group Holdings, LLC**



#### PB Group Holdings, LLC

Our parent company is PB Group Holdings, LLC (“our “Parent Company”). ~~Our Parent Company is~~, a Delaware limited liability company ~~that was~~ established on June 22, 2021. ~~We became a wholly owned subsidiary of our Parent Company in July 2021. We became a wholly owned subsidiary of our Parent Company in July 2021.~~ Our Parent Company maintains a principal business address at 803 Ocean Avenue, Belmar, New Jersey 07719. Our Parent Company has not in the past and does not now offer franchises in any lines of business.

#### Playa Bowls, LLC

Our affiliate Playa Bowls, LLC, is a New Jersey limited liability company ~~that was~~ established on July 11, 2014. This affiliate maintains a ~~principle place of principal~~ business address at 803 Ocean Avenue, Belmar, New Jersey 07719. This affiliate ~~owns~~ is the owner of one of the Licensed Marks ~~that it has licensed to us so that we may sub-license the mark to our franchisees.~~ This affiliate provides operational support and other services on behalf of our company owned Playa Bowls shop locations and food trucks. This affiliate is the parent company of the corporate entities that own and operate our company owned Playa Bowls shops and food trucks. ~~This You will not be required to conduct business with this affiliate is not an approved supplier of any product or service that you must purchase or lease.~~ This affiliate has not in the past and does not now offer franchises in any lines of business.

#### Rabby, LLC

Our affiliate Rabby, LLC is a New Jersey limited liability company established on June 28, 2016. This affiliate maintains a principal business address at 803 Ocean Avenue, Belmar, New Jersey 07719. You will not be required to conduct business with this affiliate. This affiliate has not in the past and does not now offer franchises in any lines of business.

#### Playa Bowls IP, LLC

Our affiliate Playa Bowls IP, LLC is a New Jersey limited liability company established on April 22, 2016. This affiliate maintains a ~~principle place of principal~~ business address at 803 Ocean Avenue, Belmar, New Jersey 07719. This affiliate ~~owns~~ is the owner of some of the Licensed Marks, ~~which it has licensed to us so that we may sub-license them to our franchisees.~~ This affiliate has not in the past and does not now offer franchises in any lines of business.

#### Rabby, LLC

~~Rabby, LLC is a New Jersey limited liability company established on June 28, 2016. This affiliate maintains a principle place of business at 803 Ocean Avenue, Belmar, New Jersey, 07719. This affiliate has not in the past and does not now offer franchises in any lines of business.~~

#### Market and Competition

The marketplace for the menu items, products, and services offered by the Franchised Business is well developed and competitive. You will be competing with numerous restaurants, shops, and food trucks that offer a wide range of food and beverage items in a wide variety of service formats. Competition will include restaurants, shops, and food trucks that operate independently and others that operate as a part of a regional or national chain. The market for the menu items, products and services offered by the Franchised Business is not seasonal unless your Shop is located within a seasonal market.



### Industry Specific Laws

Many states and local jurisdictions have laws, rules, and regulations that may apply to your Shop, including rules and regulations related to construction, design and maintenance of your Shop, construction requirements, ventilation requirements, zoning and availability of outdoor patios; health and sanitation requirements for shop operation and employee practices concerning the storage, handling and preparation of food; restrictions on smoking; availability and cleanliness of restrooms; employee health and safety and emergency preparedness; use, storage and disposal of waste; menu labeling; nutrition labeling; and equal access for the disabled including, requirements imposed by The Americans with Disabilities Act of 1990 and state equivalent laws that may affect your shop construction and/or location requirements, specialized entrance ramps, doors, seating, bathroom facilities and other facility requirements. You should investigate and evaluate how these regulations and requirements and other regulations and requirements apply in the geographic where you will be locating your Shop. You should consult with your lawyer concerning these and other local laws, rules and regulations that may affect the operation of your Shop.

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### Description of Franchise

We offer franchises for the right to establish and operate a fast casual shop (each a “Shop” or “Franchised Business”) offering acai bowls, pitaya bowls, coconut bowls, chia pudding bowls, oatmeal bowls, smoothies, juices, and other healthy food options (the “Approved Products and Services”). The Shops operate under the trade name and mark “Playa Bowls” and the additional principal trademarks, logos, and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks”.

Playa Bowls Shops are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. Playa Bowls Shops are typically located in shopping malls, strip centers, and other retail locations and will require approximately 1,500 to 2,000 square feet for a Shop location. Each Shop will offer dine-in and take-out services. A Shop may, subject to our conditions and requirements, also offer delivery and catering services within the Shop’s Designated Territory.

The Shops are established and operated under a comprehensive and unique system (the “System”). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sales and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Confidential Operations Manual (the “Manual”), which you should expect to evolve over time, that are provided to you as a franchisee.



### **Franchise Agreement**

We offer the right to establish and operate a Shop under the terms of a single unit Franchise Agreement within a designated territory (the “Franchise Agreement”). Our current form of Franchise Agreement is Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee’s Principals (referred to in this Disclosure Document as “your Principals”). The Franchise Agreement is signed by us, by you, and by your Principals. By signing the Franchise Agreement, your Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must designate a general manager who will be the main individual responsible for your business (the “General Manager”). Your General Manager does not have to own an equity interest in you or the franchise. The General Manager must sign covenants to maintain the confidentiality of information he/she learns while employed as your General Manager, and your General Manager must sign non-competition covenants.

### **Multi-Unit Development Agreement**

In certain circumstances we may offer the right to enter into a Multi-Unit Development Agreement in the form attached as Exhibit C to this Disclosure Document (the “Multi-Unit Development Agreement”) to develop multiple Shops within a described geographic area (the “Development Area”). We will determine the Development Area before you sign the Multi-Unit Development Agreement and it will be included in the Multi-Unit Development Agreement. The total number of Shops that you will be required to develop and operate under a Multi-Unit Development Agreement will vary from three to 10 Shops as negotiated at the time of signing the Multi-Unit Development Agreement. Your Multi-Unit Development Agreement will include a development schedule containing a deadline by which you must have each Shop open and operating.

The Franchise Agreement for the first Shop developed under the Multi-Unit Development Agreement will be in the form attached as Exhibit B to this Disclosure Document, and we expect that you will sign the first Franchise Agreement at the same time you sign the Multi-Unit Development Agreement. For each additional Shop developed under the Multi-Unit Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. The size of the Development Area will vary depending upon local market conditions and the number of Shops to be developed.



### Market and Competition

The market for restaurants in general is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. We may establish other Shops in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the internet and other means of distribution to customers at any location, which may be located in the area of your Shop



## Industry Regulations

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Shop, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Shop's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Shop and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Shop, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Shop. You should independently research and review the legal requirements of the food services industry with your own attorney before



you sign any binding documents or make any investments. Each of your managers and other employees we designate must be ServSafe (or similar) certified.

## ITEM 2 BUSINESS EXPERIENCE

### Dan Harmon, Chief Executive Officer (CEO)

Mr. Harmon is our CEO, and he has served in this role since March 2023. Before joining Playa Bowls Mr. Harmon served as Smoothie King's President from August 2019 to February 2023 and Smoothie King's Chief Operating Officer from August 2017 to February 2023 in Dallas, Texas. Before joining Smoothie King, Mr. Harmon served as Senior Vice President of Operations for Papa Murphy's International LLC in Vancouver, Washington from July 2013 to August 2017.

### Robert Giuliani, Chief Innovation Officer (CIO)

~~Mr. Giuliani is our CIO and he has served in this role since March 2023. From July 2021 to March 2023, Mr. Giuliani served as our CEO. Since our initial formation in June 2016 to July 2021, Mr. Giuliani was one of our Managing Members. Since June 2016 and continuing to present, Mr. Giuliani has been an owner of our affiliate, Rabby LLC and, since April 2016 and continuing to present, Mr. Giuliani has been an owner of our affiliate, Playa Bowls Pier Village LLC. Since July 2014 and continuing to present, Mr. Giuliani has been an owner of our affiliate, Playa Bowls, LLC. Since July 2021, Mr. Giuliani has served as and continues to serve a member of our board.~~

### David Krisher, Chief Financial Officer (CFO)

Mr. Krisher is our CFO, and he has served in this role since January 2023. From December 2021 to January 2023, Mr. Krisher was CFO of Krystal Restaurants LLC in Atlanta, Georgia. From August 2019 to December 2021, Mr. Krisher was CFO of Ascent Hospitality Management in Atlanta, Georgia. From February 2019 to August 2019, Mr. Krisher was Vice President of Finance and Accounting at Huddle House, Inc. in Atlanta, Georgia. From October 2018 to January 2019, Mr. Krisher was Director, Financial Planning and Analysis at BlueLinX in Atlanta, Georgia.

### Abby TaylorNicolle Dubose, Chief Marketing Officer (CMO)

~~Ms. TaylorNicolle Dubose~~ is our CMO, and she has served in this role since ~~July~~September 2023. ~~From August 2021 to July 2023, Ms. Dubose served as Vice President of Marketing, Scholtzsky's, at Focus Brands in Atlanta, Georgia. From January 2020 to July 2021, Ms. Dubose served as Vice President of Marketing, Carvel, at Focus Brands in Atlanta, Georgia. From August 2018 to January 2020, Ms. Dubose served as Senior Director of Marketing, Carvel, at Focus Brands in Atlanta Georgia.~~

### Abby Taylor, Chief Brand Officer (CBO)

~~Ms. Taylor~~ is our CBO, and she has served in this role since September 2023. ~~From July 2021 to September 2023, Ms. Taylor served as our CMO.~~ Since our initial formation in June 2016 to July 2021, Ms. Taylor was one of our Managing Members. Since June 2016 and continuing to ~~present~~date, Ms. Taylor has been an owner of our affiliate, Rabby LLC and, since April 2016 and continuing to ~~present~~date, Ms. Taylor has been an owner of our affiliate, Playa Bowls Pier Village LLC. Since July 2014 and continuing to ~~present~~date, Ms. Taylor has been an owner of our affiliate, Playa Bowls, LLC.





~~Gary Moss~~Jayson Tipp, Chief Development Officer (CDO) (Interim)

~~Mr. Moss is our CDO and he has served in this role since July 2021. From January 2017 to June 2021, Mr. Moss was our Vice President of Business Development and Operations.~~

Mr. Tipp is our CDO (Interim), and he has served in this role since September 2023. Prior to joining Playa Bowls, Mr. Tipp served as an independent consultant from January 2023. From October 2021 to January 2023, Mr. Tipp was Chief Marketing Officer of Pokeworks. From January 2021 to September 2021, Mr. Tipp was Chief Growth Officer for Perfect Company. From June 2019 to January 2021, Mr. Tipp served as Chief Customer Officer for Bridg. From June 2018 to June 2019 Mr. Tipp was Chief Executive Officer of Pincho Holdings, LLC.

Danielle Mendoza, ~~Business Development~~Real Estate Manager

~~Mrs. Mendoza is our Business Development~~Real Estate Manager, and she has served in this role since July 2024~~January 2024. From July 2021 to December 2023, Mrs. Mendoza served as our Business Development Manager. From October 2019 through June 2021, Mrs. Mendoza was our Executive Assistant. From 2018 to 2019 Mrs. Mendoza was a Research Assistant at Princeton University in Princeton, New Jersey. In 2018 Mrs. Mendoza was a Research Assistant at the University of California Berkeley in Berkeley, California. From 2015 through 2018, Mrs. Mendoza was a Technical Recruiter at Insight Global in Morristown, New Jersey.~~

Darlene Schoeneberg, Vice President of Company Operations

~~Mrs. Schoeneberg is our Vice President of Company Operations, and she has served~~as of April 15, 2024. Prior to and up until taking on this role, Mrs. Schoeneberg served as our Vice President of Operations since October 2022. Mrs. Schoeneberg grew up in the restaurant industry and spent her last 20 years with Dunkin Brands where she led the company's largest DMA. From February 2010 to January 2021, Mrs. Schoeneberg was Director of Operations at Inspire Brands.

Kathleen Carroll, Vice President of Franchise Operations

Kathleen Carroll is our Vice President of Franchise Operations and began serving in this role on April 15, 2024. From April 2022 to December 2023, Mrs. Carroll served as Vice President of Operations at Heyday in New York, New York. From December 2019 to January 2022, Mrs. Carroll served as Chief Operating Officer at Movati Athletic in Ontario, Canada. From August 2016 to November 2019, Mrs. Carroll served as Senior Vice President of Operations at Movati Athletic in Ontario, Canada.

Kayla Stacy, Development Coordinator

Ms. Stacy is our Development Coordinator and has served in this role since September 2023. From August 2022 to September 2023, Ms. Stacey served as our Franchise Sales Administrator. From September 2021 to June 2022, Ms. Stacy was Wellness Director and Sales Associate at the Recovery Cove and F45 Training in Shrewsbury, New Jersey. From June 2020 to June 2021, Ms. Stacy was Social Media Manager and Associate at F45 Training in Belmar, New Jersey and Middletown, New Jersey. In May 2020, Ms. Stacy graduated from Fordham University with a degree in business, marketing, and English.

Lindsay Manchester, Director of Learning and Development

Lindsay Manchester is our Director of Learning and Development and has served in this role since January 2024. From November 2021 to January 2024, Ms. Manchester served as our Manager of Learning and



Development. From May 2021 to November 2021, Ms. Manchester was Store Director at Event Network at Liberty Science Center in Jersey City, New Jersey. From August 2011 to October 2020, Ms. Manchester was Retail Manager at Six Flags Great Adventure in Jackson, New Jersey.

Mark Hauser, Chairman

Mr. Hauser is the Chairman of our Parent Company, and he has served in this role since June 2021. Since October 2019 and continuing to date, Mr. Hauser has been the Managing Partner of Tamarix Equity Partners in New York, New York. From December 2013 to September 2019, Mr. Hauser was Senior Managing Director with OFS Management in New York, New York.

Matthew Yoon, Vice Chairman

Mr. Yoon is the Vice Chairman of our Parent Company, and he has served in this role since June 2021. Since June 2019 and continuing to date, Mr. Yoon has been the Managing Partner and Chief Executive Officer of Pacific General in New York, New York. From January 2016 to June 2019, Mr. Yoon was a Partner of Pi Capital International in New York, New York.

Gary Matthews, Director

Mr. Matthews is a Director of our Parent Company, and he has served in this role since June 2021. Since September 2020 and continuing to date, Mr. Matthews is and continues to serve as a Managing Partner of Tamarix Equity Partners in New York, New York. From February 2019 to August 2020, Mr. Matthews was CEO and Director of IES Holdings in Houston, Texas. From September 2007 to February 2019, Mr. Matthews was Managing Director of Morgan Stanley Capital Partners in New York, New York.

Brendan Brier, Director

Mr. Brier is a Director of our Parent Company, and he has served in this role since June 2021. Since October 2020 and continuing to date, Mr. Brier is and continues to serve as a Principal of Tamarix Equity Partners in New York, New York. From January 2020 to September 2020, Mr. Brier was Chief Strategy Officer of IES Holdings in Greenwich, Connecticut. From July 2014 to December 2019, Mr. Brier was Senior Vice President of Corporate Strategy at AECOM in Los Angeles, California.

Robert Giuliani, Director

Mr. Giuliani served as our Chief Innovation Officer from March 2023 to December 2023. From July 2021 to March 2023, Mr. Giuliani served as our CEO. Since our initial formation in June 2016 to July 2021, Mr. Giuliani was one of our Managing Members. Since June 2016 and continuing to date, Mr. Giuliani has been an owner of our affiliate, Rabby LLC and, since April 2016 and continuing to date, Mr. Giuliani has been an owner of our affiliate, Playa Bowls Pier Village LLC. Since July 2014 and continuing to date, Mr. Giuliani has been an owner of our affiliate, Playa Bowls, LLC. Since July 2021, Mr. Giuliani has served as and continues to serve a member of our board.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**



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

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## ITEM 5 INITIAL FEES

### **Franchise Agreement**

When you sign a Franchise Agreement you will pay to us a non-refundable initial franchise fee in the amount of \$35,000 (the “Initial Franchise Fee”). ~~For individuals who were honorably discharged from any branch of the United States Military the Initial Franchise Fee for your first Shop is discounted by 15%. This discount must be requested at the time of your initial franchise application and requires documented military service.~~

The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document, ~~except, as described below.~~

During the fiscal year ending December 31, ~~2022~~2023, the initial franchise fees for ~~5861~~ franchisees’ agreements were discounted to an initial franchise fee between \$25,000 to \$30,000. There were ~~2421~~ franchisees either signing a single unit or multi-unit pack that had agreements discounted. No other franchise fees were discounted or waived in ~~2022~~2023.

### **Multi-Unit Development Agreement**

If you sign a Multi-Unit Development Agreement, you must pay to us a fixed non-refundable development area fee (the “Development Area Fee”) in an amount equal to 50% of the Initial Franchise Fee for each additional Shop, over and above your first Shop, authorized for development under the Multi-Unit Development Agreement. The minimum number of Shops that you may agree to develop is three and the maximum ~~is 10. The Development Area Fee is \$70,000 for three locations to \$192,500 for 10 locations.~~

10. The Development Area Fee is in addition to the Initial Franchise Fee of \$35,000 that you will pay to us at the time of signing the Franchise Agreement for your first Shop. At the time of signing the Franchise Agreement for each additional Shop authorized by the Multi-Unit Development Agreement, you will pay to us 50% of the Initial Franchise Fee. The Development Area Fee is fully earned by us upon payment, represents consideration for a designated development area and, our profit. The method we use to calculate the Development Area Fee is uniform for all franchises that we offer through this Disclosure Document.

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**ITEM 6  
OTHER FEES**

Type of Fee <sup>(Note 1)</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>(Note 2 and 3)</sup>	6% of Gross Sales	Monthly on the 10 <sup>th</sup> day of each month as designated by us	<del>Calculated based on Gross Sales for the previous calendar month. May</del> Will be debited automatically from your bank account by ACH or other means designated by us. <del>Currently monthly, but we may change</del>  During the fiscal year ending December 31, 2023, the Royalty Fee for two franchisees' agreements were discounted to weekly a Royalty Fee of 3%.
National Marketing Fund <sup>(Note 4)</sup>	Up to 3% of Gross Sales, currently 2% of Gross Sales	Monthly together with the Royalty Fee as designated by us	<del>May</del> Will be debited automatically from your bank account by ACH or other means designated by us.  During the fiscal year ending December 31, 2023, the National Marketing Fund Fee for one franchisee's agreement was discounted to a National Marketing Fund Fee of 1%.
Franchisee Directed Local Marketing <sup>(Note 5)</sup>	1% of Gross Sales	Monthly as incurred by you	<del>You must spend not less than 1% of your</del> Must be spent by you monthly on pre-approved marketing within your designated territory.
Technology <sup>(Note 6)</sup>	<u>Up to \$450 per month, currently \$90 per month</u>	Monthly as designated by us	<del>Will be debited automatically from your bank account by ACH or other means designated by us.</del>
Cooperative Marketing Local and Regional Advertising Cooperatives <sup>(Note 4/7)</sup>	<del>As authorized</del> Established by us and as determined by the cooperative members, but <del>currently not more than assessed,</del> but not exceeding 1% of Gross Sales	As determined established by the cooperative members	If we authorize the formation of a marketing cooperative, an Advertising Cooperative, fees that you must join the cooperative. Any money you contribute pay to the cooperative will count toward to the satisfaction of your local marketing



			requirements and will not exceed local marketing requirements.
<u>Annual Conference Attendance Fee</u>	<u>Our then current conference fee, not greater than \$1,500</u>	<u>When invoiced and before conference</u>	<u>Applies to conference fee for an annual System conference.</u>
<u>Additional Employee Initial Training for Additional, New or Replacement Employees</u>	<u>Our then current per person training fee, plus expenses. Our current per person training fee is currently \$1,000 per person per day</u>	<u>Before Training When invoiced and prior to training</u>	<u>Our initial training program will be provided, at no additional charge, for up to three individuals comprised of you, your General Manager and one additional person. If you request that we offer initial training for any additional individuals or, if you request or we require that any new or replacement employees participate in our initial training program, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages. There is no initial pre-opening training fee for you or your Managing Owner, one designated general operating manager, and one designated employee. This fee applies to additional individuals that we authorize to attend training.</u>
<u>Additional Supplemental On-Site Training/Remedial Training</u>	<u>Our then current per diem daily rate per trainer, plus expenses. Our current per diem we incur. Current rate is \$400 per trainer, per day</u>	<u>When billed invoiced and prior to training</u>	<u>If you request that or we provide additional require on-site training at your Shop, or if as the result of an inspection or quality assurance audit we believe that remedial training is necessary, you must pay our daily fee for each then current trainer we send to your Shop, and you must reimburse each trainer's fee plus our expenses, including for travel, lodging and meals, accommodations.</u>
<u>Late Fee</u>	<u>\$50</u>	<u>On demand</u>	<u>Payable for any payment owed to us that is more than five days late and is in addition to interest on the overdue amount.</u>
<u>Interest</u>	<u>18% per annum or the highest interest rate allowed by applicable</u>	<u>On demand</u>	<u>May be charged Payable on all overdue amounts. Accrues from fees, charges, and payments due to us under the original due date until payment is</u>



	law, whichever is less from due date		received in full Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
<del>Insurance Audit Fee</del>	<del>Actual costs and expenses, plus 20% administrative fee</del> <del>Cost of audit. Estimated to be between \$1,000 and \$5,000</del>	<del>On demand</del> <del>When billed</del>	<del>If you do not maintain the required insurance coverages, we have the right, but not the obligation, to obtain insurance on your behalf. Payable only if we find, after an audit, that you have understated Gross Sales by 2% or more or you have understated any amount you owe to us. You must also pay the understated amount plus late fees and interest.</del>
<del>Reporting Non-Compliance</del>	<del>\$150 per occurrence</del>	<del>14 days of invoice</del>	<del>Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.</del>
<del>Operations Non-Compliance</del>	<del>\$450 to \$1,000 per occurrence</del>	<del>14 days of invoice</del>	<del>Payable for failure to comply with operational standards plus inspection and re-inspection costs incurred by us.</del>
<del>Insufficient Funds Fee</del> <del>Payment Non-Compliance</del>	<del>\$100</del> <del>150 per occurrence, plus actual bank charges incurred</del>	<del>14 days of invoice</del> <del>On demand, if incurred</del>	<del>Payable if there are insufficient funds in your account for failure to timely pay fees, when due, a fee or payment due to us. If you incur three insufficient funds fees in any 12-month period, we have under the right to terminate your Franchise Agreement, plus interest, costs, and legal fees.</del>
<del>Audit On-Site Evaluation Fee</del>	<del>Cost of audit</del> <del>\$250 per day, plus reimbursement of our representative's reasonable costs incurred</del>	<del>On demand</del> <del>When billed</del>	<del>At our election, we may conduct one on-site evaluation of the location you propose for your Shop before we approve it for your Shop. For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.</del>
<del>Inspection/Product and Quality Assurance Audit</del> <del>Supplier Evaluation</del>	<del>Reimbursement of our reasonable costs</del> <del>Actual</del>	<del>As invoiced</del> <del>On demand</del>	<del>Payable if you request that we evaluate a product or supplier that not previously approved or designated by us and that</del>



	costs incurred by us or fees designated by us		you request for approval. Also payable if we determine that your Shop is offering items that do not conform to our specifications. Payable to us if we elect to perform or designate a third party to perform periodic quality assurance audits, including mystery shopper type inspections and programs.
Liquidated Damages/Collections	An amount equal to the average monthly royalty fees paid or owed by you during the 12-month period preceding the termination date, multiplied by (a) 24, or (b) the number of months remaining in your Franchise Agreement had it not been terminated, whichever is lower. Actual fees, costs, and expenses	On demand 15 days after termination	Payable For costs and expenses incurred by us in collecting fees due to us in, and/or to enforce the event that your terms of the Franchise Agreement is terminated prior to the expiration of the original term or, if applicable, the renewal term, of your or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur, including attorneys' fees, in enforcing or terminating the agreement.
Indemnification	Will vary under circumstances Actual fees, costs, and expenses	As incurred On demand	You must reimburse us for The amount payable is the costs amount of any claim, liability, or loss we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the trademarks in an unauthorized manner.
Repair, Maintenance, and Remodeling/ Redecorating/ NSF Check Fee or Failed Electronic Fund Transfer	Will vary under circumstances 5% of amount or \$50, whichever is greater, or maximum fee allowed by law	On demand As incurred	Payable to approved suppliers. You must regularly clean, maintain, and repair your Shop and its equipment. We may require you to remodel or redecorate your Shop to meet our then current image for all Playa Bowls Shops. We will not require you to remodel or



			<p>redecorate your Shop more frequently than every five years.</p> <p>Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us.</p>
Charges for “mystery shopper” quality control evaluation (Note 5)	As determined by us but not less than \$400 per event or month	Monthly	The mystery shopper program is separate from our programs for customer surveys and customer satisfaction audits that may require you to accept coupons from participating customers for discounted or complimentary items.
ServSafe Certification	\$150 per person or the then current market rate	As needed	Each of your managers and other employees we designate must be ServSafe or similarly certified. Payable to an approved supplier.
Insurance Premiums	Reimbursement of our costs, plus 20% administrative fee	On demand	If you do not maintain the required insurance coverages, we have the right, but not the obligation, to obtain insurance on your behalf.
Management FeeNon-Compliance	10% of Gross Sales, plus Actual fees, costs, and expenses	On demandIf incurred	<p>We may step in and manage your Shop in certain circumstances, such as death, disability or prolonged absence. We will charge a management fee if we manage your Shop, and you must reimburse our expenses.</p> <p>Fees, costs, and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement.</p>
Supplier EvaluationGift Card Program	<p>\$220, approximately, for initial inventory of 250 cards including shipping</p> <p>\$19.95 per month for use of the app. \$5 per month for monthly pooling fee</p> <p>Actual fees, costs, and expenses</p>	As incurredWithin 14 days of invoice	<p>Payable to approved supplier, Clover. You must participate in our gift card program. Gift cards will be available for sale and redemption at any Shop in the System. You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.</p>





Prohibited Product or Management Service Fee	\$250 per day for each day the infraction continues 10% of Gross Sales, plus actual costs incurred by us	As incurred invoiced	If you offer any product or service that we have not approved Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager.
Online Ordering Program	\$49.99 for up to 500 transactions each month; then \$0.10 for each additional transaction that calendar month	Monthly	Payable to the current approved supplier, Tap Mango Inc. You must participate in this program.
Employee Scheduling and Timekeeping	\$3 per month per active employee	Monthly	Payable to the current approved supplier
Payroll Service & Processing	\$200 one-time set-up fee  \$157.95 base rate, plus \$3.10 processing fee per employee over 4, less 49.99% discount and 30% off W-2 processing	Bi-weekly	Payable to approved payroll supplier. These fees are assessed each pay period.
Refresher Training or Franchisee Meeting	Our then current per person fee, plus expenses. Current fee is \$400 per person	Before the refresher training session or franchisee meeting	If we choose to hold a refresher training program or a meeting of our franchisees, we may charge a per person fee for each person attending the training session or meeting. We may designate that attendance at the training session or meeting is mandatory for you, your General Manager and other personnel, and you must pay each of your attendee's expenses while attending the training session or meeting, including travel, lodging, meals and wages.
Loyalty Program	\$190 per 8" Tablet with Stand \$230 per 1,000 Keychain Tags	Monthly	Payable to our approved supplier, Tap Mango Inc. You must participate in this program and you must have at least one tablet available at the point of sale for customer registrations.



Relocation POS Integration for Third party Delivery	\$100 POS Configuration Fee  \$150 Menu Mapping Fee  Third-party Online Order Service Fee ("TOOS") is \$78.99 for an unlimited number of TOOS <u>Actual fees, costs, and expenses incurred by us</u>	As incurred (one-time fee)  As incurred (one-time fee)  Monthly	Payable to current approved supplier. You must participate in the third-party delivery program and you must conduct the full integration through the POS system. Payable if you wish to relocate the Franchised Business premises.
Technology Fee (Note 6)	Up to \$450 per month, currently \$90 per month	Monthly as invoiced	May be debited automatically from your bank account by ACH or other means designated by us.
Transfer Relocation Fee	Reimbursement of our costs \$10,000	On demand Upon approval of a relocation request	If Payable if we approve your relocation transfer request, you must reimburse us for and upon signing our reasonable expenses related to your relocation request then current Franchise Agreement.
Transfer Fee	\$10,000	Upon completion of the transfer	No fee charged for a one-time transfer from individual(s) to a Corporate Entity formed for convenience of ownership of the franchise.
Renewal Fee	Our then current initial franchise fee	Upon signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.

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#### Explanatory Notes to Item 6

Note 1: Type of Fee — All fees described in this Item 6 are non-refundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase the fees over which we have control, but as noted in the chart above and in these notes, we have the right to increase certain fees upon notice to you.



Note 2: Royalty Fees—For the purposes of determining the royalties to be paid under the Franchise Agreement, “Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to the Shop, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments. As described in Item 11, the computer system is designed to enable us to have independent access to the information monitored by the system. This will permit us to electronically inspect and monitor your Shop’s Gross Sales numbers contained or stored in the equipment and software. At the end of each month, we download Gross Sales and other information from your computer system. We will calculate your Royalty and National Marketing Fund Fees based on the Gross Sales information and we will bill you. The Royalty Fee and National Marketing Fund Fee may be withdrawn from your designated bank account by electronic funds transfer (“EFT”) monthly on the 10<sup>th</sup> of the following month based on the Shop’s Gross Sales for the preceding calendar month. If we are unable to download the Shop’s Gross Sales, we may debit your account for 120% of the last Royalty Fee and National Marketing Fund Fee that we debited. If the fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the fees we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

Note 3: National Marketing Fund Fees—We have established and administer a National Marketing Fund on behalf of the System (the “National Marketing Fund Fee”). The National Marketing Fund Fee

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you enter into a Multi-Unit Development Agreement or open multiple Shops then these fees shall apply, respectively, to each Shop subject to the terms of their respective franchise agreement. Payment is subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 7) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit all receipts and Gross Sales of your Shop into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Shop. You must pay all fees charged by your bank in connection with our ability to debit your bank account.



Note 2: Royalty Fees – The royalty fee is a continuing monthly fee equal to 6% (the “Royalty Rate”) of your monthly Gross Sales (the “Royalty Fee”). If any federal, state, or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly, and dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective Royalty Fees received by us is not less than 6% of your Gross Sales.

Note 3: Gross Sales – “Gross Sales” means the total dollar sales from all business and customers of your Shop and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Shop and/or your Shop Location, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues, receipts, and sales from whatever source derived from and/or derived by you (including any person and/or Corporate Entity acting on your behalf) from business conducted within and/or outside your designated territory that is related to your Shop and/or a competitive business located and/or operated at your Shop Location, within your designated territory, outside your designated territory, and/or otherwise. Gross Sales does not include sales taxes that you collect and remit to the proper taxing authority or promotional discounts that are authorized by us in writing and provided by you to customers of the Franchised Business.

Note 4: National Marketing Fund – The national marketing fund fee is a continuing monthly fee equal to an amount of up to 3% of your monthly Gross Sales- (the “National Marketing Fund Fee”). Currently we charge a National Marketing Fund Fee equal to an amount of 2% of your monthly Gross Sales but reserve the right to increase this fee at any time in the future.

Note 5: Franchisee Directed Local Marketing – On an on-going monthly basis, you must spend not less than 1% of your monthly Gross Sales on the local marketing of your Shop within your designated territory and in accordance with our standards and specifications.

Note 6: Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to system website and intranet (the “Technology Fee”). Currently we charge a monthly Technology Fee in an amount equal to \$90 per month but reserve the right to increase this fee at any time in the future provided that the monthly Technology Fee shall not exceed \$450 per month.

Note 7: ~~Note 4: Cooperative Marketing Fees~~Local and Regional Advertising Cooperatives – If two or more Shops are operating within a geographic area, region, or market designated by us (a “designated market”), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your Shop(s), you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each Shop franchisee will have one vote for each Shop located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to



a local or regional cooperative that we designate ~~will~~shall count toward the satisfaction of your ~~minimum~~ local marketing ~~requirements, obligations and shall not exceed 1% of your monthly Gross Sales.~~

~~Note 5: Mystery Shopper~~—We may use an independent service to conduct a “mystery shopper” quality control and evaluation program. You must participate in this program, and we may require that you pay the then current charges imposed by the evaluation service as we direct, either directly to the evaluation service provider or to us as a reimbursement.

~~Note 6: Technology Fee~~—The continuing monthly technology fee is an administrative technology fee charged by us and used, at our discretion, to defray some of our costs related to technology platforms that may benefit your Shop (the “Technology Fee”).

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

#### A. Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>†</sup> (Note 1)	\$35,000	Lump Sum	When Franchise Agreement Signed is signed	Us
Rent—Three Months <sup>(2)</sup> Construction and Leasehold Improvements (Note 2)	<del>\$7,500—\$25</del> <u>\$50,000—\$300,000</u>	As arranged	As arranged incurred	LandlordContractors, suppliers, and/or landlord
Lease Security Deposit <sup>†</sup> Deposits and Rent – Three Months (Note 3)	<del>\$2,500—\$810,000—\$33,333</del>	As arranged	As arranged incurred	Landlord
Utility Security Deposit <sup>(3)</sup>	<del>\$0—\$1,500</del>	As arranged	As arranged	Utility Companies
Design and Architect Fees <sup>(4)</sup>	<del>\$4,500—\$10,000</del>	As arranged	As arranged	Designer or Architect
Leasehold Improvements <sup>(5)</sup> Furniture, Fixtures and Equipment (Note 4)	<del>\$50,000—\$185</del> <u>\$115,000</u>	As arranged	As arrangedincurred	SuppliersContractor
Signage <sup>(6)</sup> (Note 5)	<del>\$2,000—\$12</del> <u>\$18,000</u>	As arranged	As arrangedincurred	Suppliers



Equipment, Furniture and Fixtures <sup>(+7)</sup> Computer, Software, and Point of Sale System <sup>(Note 6)</sup>	\$501,300 – \$6,000 – \$90,000	As arranged	As arranged <del>incurred</del>	Suppliers
Point of Sale & Computer Equipment <sup>(+8)</sup> Grand Opening Marketing <sup>(Note 7)</sup>	\$10,000\$1,300 – \$2,600	As arranged	As arranged <del>incurred</del>	Suppliers
Business Licenses & Permits <sup>(+9)</sup> Initial Inventory <sup>(Note 8)</sup>	\$210,000 – \$430,000	As arranged	As arranged <del>incurred</del>	<del>Suppliers</del> Government Agencies
Professional Fees <sup>(+10)</sup> Utility Deposits <sup>(Note 9)</sup>	\$0 – \$1,000 – \$3,000\$500	As arranged	As arranged <del>incurred</del>	Attorney, Accountant Suppliers
Insurance <sup>(+11)</sup> Deposits – Three Months <sup>(Note 10)</sup>	\$1,875 – \$2,625	As arranged	As arranged <del>incurred</del>	Insurance Companies Insurers
Travel for Initial Inventory <sup>(+12)</sup> Training <sup>(Note 11)</sup>	\$1,000 – \$10,000 – \$30,000	As arranged	As arranged <del>incurred</del>	Airlines, hotels, shops <del>Suppliers</del>
Training Expenses <sup>(+13)</sup> Professional Fees <sup>(Note 12)</sup>	\$1,000 – \$65,500 – \$20,000	As arranged	As arranged <del>incurred</del>	Airline, Hotel, Shop, etc. Attorneys, accountants, architects, advisors
Grand Opening Marketing <sup>(+14)</sup> General Licenses and Permits <sup>(Note 13)</sup>	\$102,000 – \$15,000	As arranged	As arranged <del>incurred</del>	<del>Government</del> Suppliers, our designated vendor
Additional Funds – Three Months <sup>(+15)(Note 14)</sup>	\$10,000 – \$40,000	As arranged	As arranged <del>incurred</del>	As determined by youUs, employees, suppliers, landlord
Total Estimate <sup>(+16)(Note 15)</sup>	\$188,675 – \$465,058\$636,458			

#### **Explanatory Notes to Item 7 for a Franchise Agreement**

**Note 1: Initial Franchise Fee** – The Initial Franchise Fee for a single franchise under a Franchise Agreement is \$35,000. All fees are non-refundable. We do not finance any portion of your initial fees.

**Note 2: Construction and Leasehold Improvements** – This estimate is for the cost of construction, construction management and build-out of a Playa Bowls Shop Location but does not include costs associated with furniture, fixtures and equipment which are separately disclosed in this Item 7. This estimate assumes that the typical square footage of a Shop ranges from 1,500 to 2,000 square feet and that the site of the Shop location that you select is delivered to you in an enhanced shell condition with pre-



installed improvements including installed and functional HVAC systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls prepared for painting and a concrete slab floor. This estimate assumes that structural modifications are not required for the installation of any exhaust hood or exhaust ventilation systems. This estimate does not include architectural fees or other fees charged by licensed professionals other than general contractors and licensed tradesmen and does not include any special heating, cooling, ventilation, fire suppression, or exhaust ventilation systems. The costs for developing your Shop may be higher or lower than the estimates provided.

Note 3: Lease Deposits and Rent – Three Months – You must operate your Playa Bowls Shop from a Shop Location that we approve and that complies with state and local law. If you do not already own or lease a suitable location you will be required to lease a location that has been approved by us as meeting our brand standards. This estimate assumes that you will be leasing your Shop Location and is limited to the estimated amount of your initial lease deposit and initial three months of rent. The typical square footage of a Shop ranges from 1,500 to 2,000 square feet. The amount of your lease deposit and rent is highly variable and is something that you will directly negotiate with your landlord. This estimate does not include the purchase of real property.

Note 4: Furniture, Fixtures and Equipment – Subject to our brand standards and specifications, you will be required to purchase certain types of furniture, fixtures, and equipment for your Shop from us, our approved manufacturers, and suppliers and/or subject to our specifications. Equipment that you must purchase for your Shop include a reach-in or walk-in refrigerator, a reach-in or walk-in freezer, low-boy refrigerator/freezer, ice maker, prep tables, commercial grade blenders, commercial grade juicers, and custom-built knee wall kegerator. The costs for furniture, fixtures, and equipment for your Shop will vary depending on the material quality, the location of your Shop, the square footage of your Shop, and other factors. This estimate does not include transportation or set up costs. This estimate assumes that you will be leasing some of the equipment for your Shop. If you elect to purchase equipment, your costs may be higher than the estimate.

Note 5: Signage – You are required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate. This estimate is for the cost to produce wall signage to be mounted to the exterior of your Shop and interior signs and displays.

Note 6: Computer, Software, and Point of Sale System – You will be required to purchase, license, and use the point of sale systems, ordering systems, and applications that we designate. Information about the point of sale and computer systems are disclosed in Item 11 of this Disclosure Document.

Note 7: Grand Opening Marketing – You must spend a minimum of \$10,000 to market the grand-opening of your Shop. You must submit your grand opening marketing plan to us for our pre-approval.

Note 8: Initial Inventory – This estimate is for your initial pre-opening inventory and initial supply of uniforms, paper goods, packaging materials, menu item ingredients and System Supplies required for the opening of your Shop.

Note 9: Utility Deposits – This estimate is for initial deposits paid to utility service providers such as services for gas, electric, water, sewer, and internet access.



Note 10: Insurance Deposits – Three Months – This estimate is for initial down payment and first three months of installment payments paid to insurance providers to secure and maintain minimum insurance coverage requirements designated by us. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent.

Note 11: Note 2: Rent—You must develop and operate your Playa Bowls Shop from a retail location that we approve and that, generally, will include locations within free-standing buildings or end-caps of a strip shopping center, shopping malls, or in a downtown setting. This estimate assumes that you will be leasing a Shop location comprised of an approximate 1,500 to 2,000 square foot facility. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, your lease may require that you pay common area maintenance charges for your pro rata share of real estate taxes, insurance, and your pro rata share of other charges related to common areas and otherwise related to your leased location. The actual amount you pay under the lease will vary depending on the size of the Shop, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region. If you choose to purchase real property on which to build your Shop, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

Note 3: Lease Security Deposit / Utility Security Deposit—Our estimate assumes that you will need to provide one month of rent as a security deposit to your landlord. You may also be required by your utility companies including, gas, water and/or electric, to provide security deposits.

Note 4: Design and Architect Fees—You must obtain construction plans for the build-out of your Shop according to our specifications. We have the right to designate and/or approve of the designer and/or architect you use.

Note 5: Leasehold Improvements—The cost of leasehold improvements will vary depending on factors, that include: (a) the size and configuration of the premises; (b) pre-construction costs including, demolition of existing walls and removal of existing improvements and fixtures; and (c) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Shop. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the premises. The low end of our estimate assumes that you have leased space that previously operated as a restaurant and that you will convert to a Playa Bowls Shop. The high end of our estimate assumes that you have leased a “vanilla box” space and that more improvements are required. Our estimate does not include any tenant improvement allowance that you may negotiate.





~~Note 6: Signage~~ — These amounts represent your cost for interior and exterior signage. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.  
~~Travel for Initial Training~~ — This estimate is for the travel and accommodation expenses associated with your attendance and participation in our pre-opening training program. This estimate is for estimated travel and lodging expenses only and will be influenced by the number of participants authorized to participate in our initial training program and the accommodations you select.

~~Note 12: Professional Fees~~ — This estimate is for costs associated with legal, accountant, and architectural service providers engaged by you to review and advise you as to your legal obligations, accounting strategy, and architectural and construction obligations. You will be required to hire an architect to develop plans that meet our standards and specifications and comply with applicable laws, rules and regulations for the development and operation of your Shop. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity. You should also consult with a lawyer to review lease agreements other contracts that you will enter into as part of the development and operation of your Shop.

~~Note 13: Licenses and Permits~~ — This estimate is for customary and basic business permits and licenses required to operate a Shop. Licenses, license fees, and licensing obligations will vary depending on local, municipal, county and state regulations. You should investigate all licensing requirements and costs prior to signing a Franchise Agreement.

~~Note 14:~~

~~Note 7: Equipment, Furniture and Fixtures~~ — Required equipment include reach-in or walk-in refrigerator, reach-in or walk-in freezer, low-boy refrigerator/freezers, ice maker, prep tables, small wares, commercial grade blenders, commercial grade juicers, and custom-built knee wall keggerator. The furniture and fixtures required for your Shop includes tables, chairs, stools, menu board and décor items.

~~Note 8: Point of Sale & Computer Equipment~~ — You must purchase the point-of-sale system that we designate. Additional information regarding the required point of sale and computer equipment is included in Item 11.

~~Note 9: Business Licenses and Permits~~ — These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. These figures do not include occupancy and construction permits which are included in the leasehold improvements estimate. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

~~Note 10: Professional Fees~~ — We recommend that you engage an accountant and a franchise attorney to advise you in your evaluation of the franchise we are offering.

~~Note 11: Insurance~~ — These figures are estimates of the cost of the annual premiums for the first three months of insurance you must obtain and maintain for your Shop, as described in Item 8.



Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness.

Note 12: Initial Inventory—These amounts represent your initial inventory of food and beverage supplies, paper products, and cleaning materials and supplies.

Note 13: Training Expenses—We provide, at no additional charge, initial training for up to three people comprised of you, your General Manager and one additional person. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The low end of our estimate assumes the trainees are within driving distance of our training facility.

Note 14: Grand Opening Marketing—You must conduct a grand opening marketing campaign and you must spend at least \$10,000 on your campaign during your first three months of operation. We may designate a different time period for you to conduct the grand opening marketing. Your grand opening marketing campaign must include giveaways of food samples and other promotions, as we require, and must comply with our standards, specifications, and approval process before it is conducted. We may require that you use our designated supplier for grand opening marketing and promotion.

Note 15: Additional Funds—This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities ~~only~~ for the initial three month period following the opening of your Shop. 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~~finance the development of your Shop. In making this estimate, we have relied on the experiences of our affiliates and franchisees in developing and operating a Shop. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Shop. ~~Before signing a Franchise Agreement, you should consult with your accountant and advisor to budget and determine the amount of additional funds that should be reserved and set aside by you to support and capitalize the long-term operations of your Shop.~~

Note 16: Total—~~In making~~15: About Your Estimated Initial Investment—This is an estimate of the initial start-up expenses for a Playa Bowls Shop. ~~We have based these estimates, we have relied on the experiences of our affiliates and franchisees in developing and operating Shops. You should review these a Playa Bowls Shop. These are only estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. In general, none of the expenses identified in Item 7 are refundable. We do not finance any portion of and your initial investment. All of our costs and, the range of those costs, may vary. These estimates assumed~~o not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. If you sign a Multi-Unit Development Agreement, the estimated amount will purchase the



required items. ~~Your costs may be lower if you choose to lease some items for each Shop that you develop.~~

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## B. Multi-Unit Development Agreement

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Area Fee <sup>(Note 1)</sup>	\$35,000 – \$157,500	Lump sum	When Franchise Agreement and Multi-Unit Development Agreement are signed	Us
Estimated Initial Investment to Open <del>One</del> Shop <sup>(Note 2)</sup>	\$188,675 – <del>\$465,058</del> <u>636,458</u>	Estimated Initial Investment is based on <del>the</del> estimate contained in Table A, <del>above</del> , of this Item 7; for a Franchise Agreement. <u>See, Table A</u>		
Total Estimate <sup>(Note 3)</sup>	\$223,675 – <del>\$622,558</del> <u>793,958</u>			

### Explanatory Notes to Item 7 for a Franchise Agreement and a Multi-Unit Development Agreement

Note 1: Development Area Fee and Franchise Fees – When you sign a Multi-Unit Development Agreement you ~~will~~must also sign a Franchise Agreement for your first Shop. At the time of signing your Multi-Unit Development Agreement, in addition to paying us the Franchise Fee for your first Shop, you will pay to us a Development Area Fee. ~~The in the~~ amount of ~~the Development Area Fee is~~ \$17,500 for each additional Shop, over and above ~~your~~the first Shop, ~~that is~~ authorized for ~~develop~~development within ~~they~~your Development Area. The minimum number of Shops that you may be authorized to develop under a Multi-Unit Development Agreement is three and the maximum number is 10. In addition to the Development Area Fee and the Initial Franchise Fee for your first Shop, at the time of signing the Franchise Agreement for each additional Shop authorized under your Multi-Unit Development Agreement, you will pay to us an ~~Initial Franchise Fee~~initial franchise fee in the amount of \$17,500.

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of one Playa Bowls Shop under a Franchise Agreement as reflected in Table A of this Item 7.

Note 3: Total Estimate – ~~This is the total estimated investment to enter into a single unit Playa Bowls Franchise Agreement and a Multi-Unit Development Agreement.~~ This estimate is only for the development of one Playa Bowls Shop. ~~Except, and, except~~ for your first Playa Bowls Shop, this estimate



does not include the estimated initial investment that you will incur each and every time you develop a Shop as may be authorized under your Multi-Unit Development Agreement and ~~pursuant to~~under the terms of each respective Playa Bowls Franchise Agreement.

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

~~You may only offer and sell the Approved Products and Services. You must purchase or lease and install all fixtures, furnishings. You may only use those products, supplies, equipment including, point of sales system, computer hardware and software, décor items, uniforms, signs, technology systems, and related items services that we require, all of which must conform to the authorize and designate in writing. To ensure that our standards and specifications stated in our Confidential Operations Manual (“Manual”) or otherwise in writing by us, unless of quality, service and System development are maintained, you have first obtained our written consent to do otherwise and such written consent has not been withdrawn. You may not install or permit to be installed on the Shop premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.~~

~~You may only offer and sell the Approved Products and Services. You must operate the your Shop in strict conformity with the Franchise Agreement and the methods, standards, specifications, and specifications sources of supply that we designate and prescribe in the Operations Manual or as we may otherwise designate and approve in writing.~~

**Source Restricted Purchases and Leases – Generally**

~~We require that you purchase or lease certain source restricted goods and services for the development and operation of your Shop. Source restricted goods and services are goods and services that must meet our specifications and/or that must be purchased from an approved or designated supplier that may include us or our affiliates. We may designate a supplier, including ourselves or our affiliates, as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Operations Manual. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments, and updates to our Operations Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. We can, and expect to, and other forms of communication. We formulate and modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes in our standards and/or specifications.~~

~~You must permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Shop free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then current standards and specifications. In addition to any other remedies we may have, we may~~



require you to reimburse our costs for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system and communication systems), and other ~~for~~ products used or offered for sale at the Shop solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then current standards or in accordance with our standards and specifications. All suppliers, and specifically suppliers for food and beverage items, must be pre-approved by us according to the procedure detailed below. A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the lists of approved products overall operation and approved suppliers.

You will be required to purchase acai and coconut products for use in our recipes and menu items from our designated distributors who purchase exclusively from our designated supplier, Yummy Acai LLC, or as may be otherwise designated by us in writing. Our affiliate, Rabby LLC, has a revenue share arrangement with Yummy Acai LLC where Rabby LLC receives rebates on tub and case sales of acai and coconut. During expansion of the 2022 calendar year our affiliate Rabby LLC received \$1,603,036 in revenue from our designated supplier as a result of franchisee purchases. Except as otherwise disclosed, currently, we and our affiliates are not approved or designated suppliers for any other product or service you must purchase or lease. None of our officers has an ownership interest in any approved or designated supplier.

If you wish to purchase, lease or use any products that we have not previously approved, or purchase or lease from a supplier we have not previously approved, you must submit a written request for approval or you must request the supplier to do so. You must reimburse our reasonable costs related to our testing and inspection. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We have the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We do not have a specific timeframe for providing notification to you, but we will use our best efforts to notify you in writing within 30 days after you have requested our approval whether the proposed product or supplier is, in fact, approved or disapproved. We are not required to make available to you or to any supplier our criteria for product or supplier approval. We are not obligated to approve any specific product or supplier System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval. ~~We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.~~



We and/or our affiliates may develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us all of your inventory of those products.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in which you must participate. When determining whether to grant new, additional or renewal franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or renewal franchise.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Shops in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers.

There is currently one purchasing arrangement with Pepsi where Pepsi is our only approved soft drink supplier. The agreement provides us with marketing support funds based on case sales of approved products. We also receive new outlet support funds when new locations open, and rebates for volume purchases based on case sales. We and our affiliates will receive any and all of these rebates. We and our affiliates may collect and retain any or all of these rebates, without restriction, and will earn revenue as a result of these rebates. We may also choose to contribute these rebates to the National Marketing Fund, but if we do so it does not reduce or eliminate your requirement to pay the National Marketing Fund Fee. During the fiscal year ending December 31, 2022, we earned, directly or through our affiliates, \$1,603,036 in rebates from franchisee purchases including rebates related to Pepsi and Yummy Aeai LLC. This represents 15.79% of our total revenue of \$10,153,293.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these



~~Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). We may also choose to contribute these Allowances to the National Marketing Fund, but if we do so it does not reduce or eliminate your requirement to pay the National Marketing Fund Fee. For the fiscal year ending December 31, **Suppliers and Supplier Criteria**~~

~~We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If, in the Operations Manual, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards. Currently, we are not, and our affiliates are not approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.~~

~~If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information, samples, and testing data that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and evaluating an alternate supplier, product, and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time not exceeding 60 days after we receive your written request and all additional information and samples that we request. We may, in our sole discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the supplier's quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the supplier's approval, in our sole determination, will allow us to advance the overall interests of the System and our company.~~

~~2022, neither we nor our affiliates earned revenue from Allowances, except for the revenues associated with the Yummy Acai and Pepsi agreements as stated above.~~

~~If you provide catering or delivery services, we anticipate that your employees will use their personal vehicles to provide these services from your Shop. We have the right to require you to have temporary signage placed on each delivery vehicle. We expect that all delivery vehicles will be kept clean, in good working order and be properly insured. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use.~~

~~All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Shop) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or~~





approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our acceptance of the site for the Shop before you acquire the site. You must also obtain our acceptance of any contract of sale or lease for the Shop before you sign the contract or lease. You must provide us with a copy of the fully signed lease for the Shop premises. We require you and your landlord to sign a Collateral Assignment of Lease which permits us to assume your lease in certain circumstances, including the termination or expiration of your Franchise Agreement (Attachment 2 to the Franchise Agreement).

Your Shop must be constructed according to plans that we have approved. We will provide you with sample plans and/or our specifications for a Playa Bowls Shop, and we have the right to designate the architect/designer that you must use. We also have the right to approve the contractor you select. You must arrange for construction plans to be created that incorporate our requirements into the size and shape of the approved site for your Shop. You may not use the plans or begin building out your Shop until we have accepted the construction plans, and any changes to the construction plans must also be approved by us before the change may be implemented. Our review is not meant to assess compliance with any applicable laws, regulations or building codes. Our review is only to verify that the construction plans accurately present our trade dress, the Marks and meet our specifications. We have the right to inspect your Shop while it is being constructed. You may not open your Shop for business without our approval. You must certify to us that your Shop has been constructed in compliance with the Americans with Disabilities Act.

Before you begin construction on the Shop, you must obtain the insurance coverage for the Shop that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an "occurrence" basis. You must obtain and provide us with evidence of insurance in at least the minimum amounts and with the coverages as follows:

(a) Commercial General Liability insurance on the latest version of ISO form CG-00-01 or its equivalent, with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the general aggregate. ~~There may be no products liability or completed operations exclusion. There may be no "injury to subcontractor employee"~~ (or its equivalent) exclusion. The commercial general liability policy must provide coverage to you for the hold harmless and indemnity clauses contained in the Franchise Agreement;

(b) Umbrella or Excess Liability Insurance with limits of \$2,000,000 per occurrence and \$2,000,000 general aggregate;



(c) Property Insurance for all of your property for its full Replacement Cost written on a Causes of Loss—Special Form or equivalent type policy. Property Insurance must be maintained with a deductible of no more than \$5,000;

(d) Commercial Automobile Liability Insurance, covering any liabilities of yours and ours with respect to the ownership, maintenance, or use of any auto used in connection with the business, on a form equal to the latest version of ISO form CA 00 01 with a limit of a minimum of \$1,000,000 Combined Single Limit;

(e) Workers' Compensation insurance as required by law;

(f) Employers' Liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 each employee by disease and \$1,000,000 policy limit by disease;

(g) Employment Practices Liability Insurance, including third party coverage, with limits not less than \$1,000,000 per claim and aggregate. We must be endorsed as a Co-Defendant;

(h) Data Breach Expense/Cyber Liability Insurance, including first and third party coverage with limits no less than \$1,000,000, and regulatory expense coverage of no less than \$250,000; and

(i) all other insurance required by law or that we may reasonably require.

A current and acceptable Certificate of Insurance must be initially provided at least 10 days before you begin construction of your Playa Bowls Franchised Business. A renewal Certificate of Insurance must be provided no later than 10 days before the expiration date of each policy. Each required policy of liability insurance must name Playa Bowls, LLC, Playa Bowls IP LLC and Playa Bowls Franchisor LLC as Additional Insureds by use of ISO endorsement CG 20 29 04 13 (Additional Insured—Grantor of Franchise). Each required property insurance policy must name Playa Bowls, LLC, Playa Bowls IP LLC and Playa Bowls Franchisor LLC as loss payee as its interests may appear. We have the right to request a complete copy of your insurance policies for the purpose of verifying the required coverages. All contractors and vendors used by you must comply with these insurance requirements and it is your responsibility to monitor any such insurance. Your insurance policies must include a Waiver of Subrogation in favor of Playa Bowls. All policies must be written with insurance companies authorized to do business by the state where your Shop will operate. The insurance carriers you choose must be rated at least A minus (policy holders rating) and VII (financial rating) by A.M. Best Company. If you or any of your vendors or contractors utilize a surplus lines insurance company (non-admitted carrier), we must be provided with a complete copy of the policies, in addition to the Certificate of Insurance. All policies must be endorsed to require at least 30 days advance notice of cancellation, non-renewal, or reduction in coverage (or 10 days advance notice in the case of non-payment of premium) and sent by certified mail to us. You must also purchase any insurance required by the terms of your lease or that we may require in the future.



~~All insurance policies, except for worker's compensation, must name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. Also, all insurance policies required by us must expressly provide that no less than 30 days' prior written notice must be given to us in the event of a material alteration to or cancellation of the policies. You must provide us with a certificate of insurance showing that you have obtained the required policies before construction of your Shop begins and upon each policy's renewal. We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance for you and you must reimburse our costs related to this purchase plus pay to us a 20% administrative fee.~~

We estimate that your ~~purchases~~purchase of goods and services from us or our approved suppliers, or that must conform to our specifications, will represent approximately 57% to 67% of your total purchases in establishing your Shop; and approximately 70% of your total purchases in the continuing ~~operation~~operations of your Shop. We currently require that you purchase or lease the following source restricted goods and services:

1. Lease – We do not review the terms of the lease for your Shop Location but require that your landlord acknowledge our rights as set forth in the lease agreement rider attached as Exhibit 4 to the Franchise Agreement (the “Lease Agreement Rider”) and that you collaterally assign the lease to us as set forth in the collateral assignment of lease attached as Exhibit 5 to the Franchise Agreement (the “Collateral Assignment of Lease”). We possess the right to disapprove of a proposed lease if the landlord refuses to sign the Lease Agreement Rider in substantially the form set forth in Exhibit 4 to the Franchise Agreement. The Lease Agreement Rider grants certain rights to us, including our right to be notified in the event of a lease default and, potentially, for us to enter the premises of your Shop.

2. System Supplies – Your Shop must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies, as designated by us, from us, our affiliates, and/or our designated suppliers.

3. Furniture and Fixtures – Your Shop must be equipped with branded and unbranded furniture and fixtures that we designate and that meet our standards and specifications. You may purchase unbranded furniture and fixtures from any supplier of your choosing, provided that the furniture and fixtures meet our specifications and standards, which may also include specified manufacturers, brands, and models. If the furniture and fixtures that we designate are specified to be branded with the Licensed Marks, then you may only purchase them from our designated exclusive suppliers.

4. Signage – The signage for your Shop must meet our standards and specifications and must be purchased from our designated suppliers.



5. Point of Sale System and Computer Equipment – Currently you are required to purchase, license, and utilize a Clover point of sale system with one configured hardware terminal. Additionally, you must purchase and maintain a computer system on-site at your Shop Location. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers. You will be required to meet our requirements involving back office and point of sale systems, security systems, printers, back-up systems, and high-speed internet access.

6. Credit Card Processing – You must use our designated supplier and vendor for credit card processing which may be integrated with the point of sale system that we designate. Credit card processing fees will, generally, be based on a percentage of all credit card processed Gross Sales.

7. Online Ordering, Customer Rewards, and Gift Cards – You must use our designated supplier and vendor for the ability to access and use online, point of sale integrated, web based, and/or app based, ordering, customer rewards, and/or gift card systems. Currently our designated vendor for the gift card program system is Clover. Currently our designated vendor for online ordering services is Tap Mago Inc. As you access and utilize these systems you will pay usage fees based on a percentage of your processed Gross Sales.

8. Third Party Delivery Services – The operations of your Shop must comply with our policies, procedures, requirements, and restrictions respecting the use of third party food delivery services and third party online ordering services. We may restrict or prohibit your use of and/or participating in third party delivery services and/or third party online ordering services. To the extent that we grant you the right to use a third party delivery service and/or online ordering service we may require that you do so through accounts and/or agreements controlled by us.

9. Branded Items and Marketing Materials – All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs and displays) must meet our standards and specifications and must be purchased from either of us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your Shop through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors, and marketing channels.

10. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Operations Manual and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives, and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth below and in the Franchise Agreement (Franchise Agreement, Article 8). You



must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

#### Insurance Requirements

- a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, written on a special form peril basis, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the Franchised Business' property value and with a deductible not more than \$5,000;
- b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate. There may be no products liability or completed operations exclusion. There may be no "injury to subcontractor employee," or its equivalent, exclusion. The commercial general liability policy must provide coverage to you for the hold harmless and indemnity clauses contained in your Franchise Agreement;
- c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000;
- d) Business automobile insurance, including liability insurance coverage for hired and non-owned automobiles, with a combined single bodily injury and property damage limit of at least \$1,000,000 per occurrence;
- e) Business interruption insurance equal to 12 months of your net income and continuing expenses including Royalty Fees;
- f) Commercial umbrella liability insurance with total liability limit of at least \$2,000,000 per occurrence and \$2,000,000 in the aggregate;
- g) Cyber insurance, including data breach expense, with coverage for first party and third party claims, in the amount of not less than \$1,000,000, and regulatory expense coverage in the amount of not less than \$250,000;
- h) Employer's liability insurance with a limit of at least \$1,000,000 per accident, \$1,000,000 each employee by diseases, and \$1,000,000 policy limit by disease;
- i) Employment practices liability insurance with a limit of at least \$1,000,000, including actions of a third party and a minimum limit of \$100,000 for wage and hour disputes; and
- j) All other insurance that we require in the Operations Manual or that is required by law or by the lease or sublease for the Franchised Business.

#### Purchase Agreements and Cooperatives



We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Shops under the System. We may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate one vendor as your sole supplier. Our affiliate, Rabby LLC, has a revenue share arrangement with our designated supplier, Yummy Acai LLC, where Rabby LLC receives rebates on tub and case sales of acai and coconut products. We have a purchasing arrangement with Pepsi where Pepsi is our only approved soft drink supplier. Except as to the foregoing, there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

**Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases**

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on your purchases and we reserve the right to institute and expand rebate programs in the future. During the fiscal year ending December 31, 2023, we earned \$2,200,390 in rebates from franchisee purchases. This represents 86% of our total revenue of \$2,567,614. During the fiscal year ending December 31, 2023, our affiliate Rabby LLC earned \$2,474,838 in revenue from Yummy Acai LLC from franchisee purchases. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers.

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## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

In the table below, the following abbreviations have these meanings: ~~Table Abbreviations: "FA means the"~~ Franchise Agreement ~~and MUDA means the; "DA"~~ Multi-Unit Development Agreement.

Obligation		Article or ArticleArticles in Agreement	Disclosure Document Item
<u>a.</u>	<del>a.</del> Site selection and acquisition/ lease	FA—Article: 2 MUDA—Article A., 3.A. and 3.B. DA: 2, 5.5 and 5.6	<del>Items 8</del> 7 and 11
<u>b.</u>	<del>b.</del> Pre-opening purchases/ and leases	FA—Articles 6, 7, 3 and 8 DA: Not applicable	<del>Items 6, 7, 8, and</del> 118
<u>c.</u>	<del>e.</del> Site development and other pre-opening requirements	FA—Article 2 ItemsFA: 3, 4, 7.F., 7.G., 7.I., 7.J., 8 and 119 DA: 2, 5.5 and 5.6	<del>6, 7 and 11</del>
<u>d.</u>	<del>d.</del> Initial and ongoing training	FA—Article 6 Items 6FA: 4, 7.J., 14.C. and 1114.D. DA: Not applicable	<del>11</del>
<u>e.</u>	<del>e.</del> Opening	FA—Articles: 2, 3, 4 and 69.B. DA: 2, 3, 4.1, 4.4 and 4.5	<del>Item</del> 11
<u>f.</u>	<del>f.</del> Fees	FA—Articles: 3, 4, 6, 7, 8, A., 5, 9, 10, 1112, 13, 14, 15, 16 and 18.N. MUDA—Articles DA: 4, 5.2 and 37.13	<del>Items 5, 6, 7, and</del> 117
<u>g.</u>	<del>g.</del> Compliance with standards and policies/operating manual	FA—Articles 2, 3, 6, 5, 7, 8, 9, 10, 11, 12 and 1213 DA: 2 and 5	<del>Items 6, 11, 8</del> and 111
<u>h.</u>	<del>h.</del> Trademarks and proprietary information	FA—Articles 9: 6, 7 and 1011 DA: 2, 5 and Attachment 4 MUDA—Article 77.3	<del>Items</del> 13 and 14

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Obligation		Article or <del>Article</del> Articles in Agreement	Disclosure Document Item	
<del>i.</del>	<del>i.</del> — Restrictions on products <del>and</del> services offered	FA— <del>Article</del> ; 3, 4.C. and 7 MUDA—Article 7DA: 2 and 5	<del>Items 8, 11</del> and 16	
<del>j.</del>	<del>j.</del> — Warranty and customer service requirements	<del>FA—Article 7</del>	FA: 7 DA: Not applicable	<del>16</del>
<del>k.</del>	<del>k.</del> — Territorial development and sales quotas	MUDA— <del>Article</del> FA: 2 and 3 DA: 4	<del>Item</del> 12	
<del>l.</del>	<del>l.</del> — Ongoing product <del>and</del> service purchases	FA— <del>Article</del> ; 3, 4.C., 5 and 7 DA: Not applicable	<del>Items 6 and 8</del>	
<del>m.</del>	<del>m.</del> — Maintenance, appearance, and remodeling requirements	FA: 3 and 7 DA: 5	FA— Articles 2, 7 and 1417	<del>Items 6 and 11</del>
<del>n.</del>	<del>n.</del> — Insurance	FA— <del>Article 12</del> ; 8 DA: Not applicable	<del>Items 6, 7, and 8</del>	
<del>o.</del>	<del>o.</del> — Advertising	FA— <del>Article 8</del> FA: 3.F., 4.B., 7.I., 9 and 11 DA: Not applicable	<del>Items 6, 8, and 11</del>	
<del>p.</del>	<del>p.</del> — Indemnification	FA— <del>Article 15</del> MUDA—Article 14FA: 10 and 11.E. DA: Not applicable	<del>Item 6 and 13</del>	
<del>q.</del>	<del>q.</del> — Owner's participation <del>and</del> management <del>and</del> staffing	FA—Articles: 4, 6, 14, 15 and 16 MUDA—Article 7 DA: 2.5 and 6.2	<del>Items 1, 11, and 15</del>	
<del>r.</del>	<del>r.</del> — Records and reports	FA— <del>Articles 4, 7</del> ; 5, 9, 12 and 1113 DA: Not applicable	<del>Item 6</del>	
<del>s.</del>	<del>s.</del> — Inspections and audits	FA— <del>Articles 2</del> ; 5, 7.K. and 1113 MUDA—Article 12DA: Not applicable	<del>Items 6, 8, and 11</del>	
<del>t.</del>	<del>t.</del> — Transfer	FA— <del>Article</del> ; 14 MUDA—Article 11DA: 6	<del>Items 6 and 17</del>	
<del>u.</del>	<del>u.</del> — Renewal	FA— <del>Article</del> ; 15	<del>Items 6 and 17</del>	

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Obligation		Article or <del>Article</del> Articles in Agreement	Disclosure Document Item
		<del>DA: 3</del> <del>MUDA—Article 5</del>	
<del>v.</del>	<del>v.</del> — Post-termination obligations	<del>FA—Article: 6, 10, 11, 17 and 18</del> <del>MUDA—Article 10</del> <del>DA: Not applicable</del>	<del>Items 6 and 17</del>
<del>w.</del>	<del>w.</del> — Non-competition covenants	<del>FA—Article 10 and Attachment 4</del> <del>MUDA—Article 12</del>	<del>17</del>
<del>x.</del>	<del>x.</del> — Dispute resolution	<del>FA—Article 19</del> <del>MUDA—Article 19</del> <del>FA: 18.F. and 18.G.</del> <del>DA: 7</del>	<del>Items 6 and 17</del>
<del>y.</del>	<del>FA—Article 18</del> <del>Liquidated damages.</del>	<del>Individual guarantee of franchisee obligations</del> <del>Item 6</del> <del>FA: 2.C., 6, 7.J., 14.C., 14D., 14.E. and 17.C.</del> <del>DA: 2.3 and 6.2</del>	<del>9</del>

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## ITEM 10 FINANCING

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

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

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

**Pre-Opening Obligations**

**Multi-Unit Development Agreement**

Under the Multi-Unit Development Agreement, we will grant to you rights to a Development Area within which you will establish and operate an agreed-upon number of Shops under separate Franchise Agreements. (Multi-Unit Development Agreement, Article 1.1.)

**Franchise Agreement:**

Under the Franchise Agreement, before the opening of your Shop we will provide the following assistance and services:

1. The site selection assistance we deem advisable. (Franchise Agreement, Article 5.1.) We will also describe your designated territory when we have accepted a proposed location.
2. On-site evaluation1. Grant of Franchise – We will grant you the right to operate a Shop at a single Shop Location within a designated territory. (Franchise Agreement, Article 2);  
  
2. Franchise Agreement Designated Territory – Once you secure a Shop Location that we approve, we will define the Designated Territory for your Shop and include the geographic boundaries and/or a description of your Designated Territory within Schedule 1 of the Franchise Agreement. (Franchise Agreement, Article 2, and Schedule 1);  
  
3. Multi-Unit Development Agreement Development Area – If you have entered into a Multi-Unit Development Agreement, we will designate your Development Area. The Shops to be developed by you must be located within the Development Area. Once you select a Shop Location that we approve within the Development Area, within the Franchise Agreement for each respective Shop we will define the Designated Territory and include the geographic boundaries and/or a description of your Designated Territory for each respective Shop. (Multi-Unit Development Agreement, Section 2). Our approval or disapproval of future Shop locations that may be developed under a Multi-Unit Development Agreement will be based on our then current site selection criteria;
4. Operations Manual – We will provide you with access to our confidential and proprietary Operations Manual. You must operate the Franchised Business in accordance with the Operations Manual and all applicable laws, rules, and regulations. At all times, we reserve the right to supplement, modify and update the Operations Manual. (Franchise Agreement, Article 4.C.). As of the Issuance Date of this Disclosure Document, the Operations Manual consists of 110 pages and the table of contents to the Operations Manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained in the Operations Manual consists of establishing, developing, marketing, and operating the Franchised Business;



5. Site Review, Approval and Designated Territory – We will review the proposed site that you select for your Shop and will notify you of our approval or disapproval. Once you select a site that we approve for the location of your Shop, we will designate your Designated Territory. However, if you negotiate and we agree to designate and grant to you a Designated Territory prior to your selection of a Shop, then you must locate your Shop within the Designated Territory and at a site that we approve. You must obtain our approval of your Shop Location. Additional information about site selection is discussed in more detail below in this Item 11;

6. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, either as part of the Operations Manual or otherwise in writing. (Franchise Agreement, Articles 3 and 4);

7. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture, and fixtures, either as part of the Operations Manual or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Articles 3 and 4);

8. Website and Digital Media – We will identify your Shop on our website. You may not use any websites, web-based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.F. and 9); and

9. Initial Training – Not less than 30 days prior to the opening of your Shop you or your Managing Owner, one management level employee or Owner, and one designated employee must attend and complete our initial training program. We will provide you, your designated general operating manager, and one designated employee with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner, one Operating Manager, and one designated employee at our training facilities located in Belmar, New Jersey or other location designated by us. The training program takes place over an approximate two-week period and is described below in this Item 11 in more detail.

Site Selection of the proposed site for your Shop, if we determine an on-site evaluation is necessary. (Franchise Agreement, Article 5.2.) If we conduct an on-site evaluation, we may charge you our then current per diem fee for each day of the evaluation, and we may charge you to reimburse our representative's expenses while conducting the evaluation, including travel, lodging and meals.

3. Standard specifications and layouts for building and furnishing the Shop, which you will use to have site plans and build-out plans prepared, at your expense. (Franchise Agreement, Article 5.3.) We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications. We have the right to require you to use the architect/designer we designate and to inspect your Shop during its construction.



4. On loan, our Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Articles 5.4 and 10.1.) We may provide all or a portion of the Manual to you electronically, such as via a password-protected website.

5. A list of approved products and suppliers, which we may revise during the term of your Franchise Agreement and which may include us and/or our affiliates. (Franchise Agreement, Articles 5.8 and 7.4.)

6. An initial training program at our headquarters for up to three people (you, your General Manager and one additional person), the cost of which is included in the initial franchise fee. (Franchise Agreement, Articles 5.9 and 6.4.)

7. If you request it, or if we deem it is necessary, we will provide one of our representatives to provide up to seven days of pre-opening and opening assistance and training around the opening of your Shop. You must pay our then current per diem fee for each day our representative spends at your Shop, and you must reimburse the out-of-pocket expenses our representative incurs, including travel, lodging and meals. (Franchise Agreement, Article 6.5.) If you are opening your second or later Shop, we have the right to reduce the duration of our representative's visit or to not provide opening assistance.

Although you are responsible for selecting a site for your Shop Location you must obtain our approval of your Shop Location. If determined necessary by us, we may conduct an on-site evaluation of the proposed site for your Shop Location. We do not typically own or lease the real property that will serve as your Shop Location, and you are responsible for all costs and expenses in locating and evaluating proposed sites and the demographic data associated with your proposed sites. Before you enter into a lease or other agreement for your Shop Location you must obtain our approval. We will provide you with site selection guidelines. If your Franchise Agreement specifies and designates a Designated Territory, your Shop Location must be located within your Designated Territory at a site that we approve. If you sign a Multi-Unit Development Agreement then each Shop Location must be located within the Development Area designated in the Multi-Unit Development Agreement and, as applicable, at sites that we approve within the Development Area. Your rights in your Shop Location must be subordinate to our rights as set forth in the Lease Agreement Rider attached as Exhibit 4 to the Franchise Agreement and the Collateral Assignment of Lease attached as Exhibit 5 to the Franchise Agreement.

Although there is no specified time limit for us to review the proposed site for your Shop Location, we will do so within a reasonable time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request. In determining whether to approve or disapprove a proposed site for your Shop Location, factors that we take into consideration include: (a) demographic factors, traffic patterns, parking, building structures, visibility and available sign locations; (b) characteristics of the proposed site; (c) the location of your proposed site relative to your overall Designated Territory and proximity to other Shops, if your Designated Territory was previously designated; (d) the location of your proposed site relative to your overall Development Area and proximity to other Shops, if you signed a Multi-Unit Development Agreement and your Development Area was previously designated; and (e) whether or not the landlord for



the Shop Location approves of our Lease Agreement Rider in substantially the same form as contained in Exhibit 4 of the Franchise Agreement.

Within 180 days of signing your ~~[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~

### **Continuing Obligations**

**Multi-Unit Development Agreement:** Under the Multi-Unit Development Agreement:

1. We will review the information regarding potential sites that you provide to us to determine whether the sites meet our standards and criteria for a Playa Bowls Shop and, if the site meets our criteria, accept the site for a Shop. (Multi-Unit Development Agreement, Article 8.1.)
2. We will provide you with standard specifications and layouts for building and furnishing the Shop. (Multi-Unit Development Agreement, Article 8.2.)
3. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications. (Multi-Unit Development Agreement, Article 8.3.)
4. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Developers. (Multi-Unit Development Agreement, Article 8.4.)

**Franchise Agreement:** During the operation of your Shop we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Shop and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Articles 5.5 and 7.5.6.)
2. Advice and written materials (such as through email, newsletters, and updates to the Manual) concerning techniques of managing and operating the Shop, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Article 5.6.)
3. Training programs and seminars and other related activities regarding the operation of the Shop as we may conduct for you or Shop personnel generally, which may be mandatory for you, your General Manager and other Shop personnel. (Franchise Agreement, Article 6.4.)
4. At your request or if we determine it is necessary, additional on-site training or assistance at your Shop. You must pay our per diem fee for each trainer providing the training and you must reimburse the trainer's expenses. (Franchise Agreement, Article 6.4.)



~~5. Administration of the National Marketing Fund: you must secure a Shop Location and lease that we approve (Franchise Agreement, Article 8.3.)~~

~~6. Indemnification against and reimbursement for all damages for which .A.). If you are held liable in any proceeding arising out of your use of any of the Marks (do not meet this requirement for any reason, including settlement amounts) if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Article 9.4.)~~

~~7. Designate the maximum, minimum, promotional, and other prices you may charge for Approved Products and Services, as permitted by applicable law. (Franchise Agreement, Article 7.12.) Our designation of pricing is not a guarantee that you will achieve a specific level of sales or profitability.~~

~~8. At our option, hold a meeting of our franchisees to discuss new menu offerings or new standards of operation, to provide training, and other matters pertaining to the franchise. (Franchise Agreement, Article 6.5.)~~

#### Site Selection

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Shop and for constructing and equipping the Shop at the accepted site. You will select the site for the Shop subject to our acceptance. We will provide guidance and advice regarding the selection of a site for your Shop. Before you lease or purchase the site for the Shop, we must provide our acceptance of the site. If we deem it necessary, we will conduct one-on-site evaluation, but before we conduct the evaluation you must submit to us in the form we specify a description of the site together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. We have the right to approve deviations from our site selection standards based on the individual factors and components of a particular site.

You must have located and submitted to us, for our review, all information we require regarding the site you propose for your Shop no later than 180 days after you have signed the Franchise Agreement. We will have 30 days after we receive all required information and materials from you to accept or decline the disapproval of a proposed site as the shop location for your Playa Bowls Shop. If we do not provide our specific acceptance of a proposed site, the site is deemed not accepted. We do not warrant or guarantee that your Shop will be successful at any site that we accept. Our acceptance only means that the site meets our minimum requirements for a Shop, subject to any deviation from our standards as we may permit. If we cannot agree on an approved and/or your failure to find a suitable shop location within a that we approve during the 180 day period, we may terminate your Franchise Agreement without refunding any fees to you if you do not cure this default within 30 days of notice from us. It is your obligation to consult with government agencies, architects, and legal professionals to evaluate and determine that your Shop Location permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a shop that offers and provides the Approved Products and Services. (Franchise Agreement, Articles 2, 3, 7 and 16).



### **Time to Open**

You may not open your Shop until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Designated Territory, obtained and provided us with written proof of the required insurance, and have timely secured a Shop Location that we approved.

We estimate that the length of time between the signing of your Franchise Agreement and opening your Shop to be approximately nine to 12 months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Shop Location; (b) timeliness of your submission to us of information and documentation that we may request in determining whether or not to approve of the site for your proposed Shop Location; (c) length of time taken by you to successfully complete our initial training program; (d) negotiating and obtaining a suitable lease for your Shop Location that is approved by us; (e) obtaining third party lender financing, if necessary; and (f) obtaining the necessary licenses for the operation of your Shop. Other factors that may affect this time period include availability of equipment, delays associated with equipment installation and the construction and/or installation of your leasehold improvements and fixtures. You must open your Shop within 12 months from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Article 3.C.).

### **Post-Opening Obligations**

1. Supplemental Training – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. We may provide, in our discretion, supplemental training on-site at your Shop Location. You will be required to pay our then current supplemental training fee, currently \$400 per on-site trainer per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, Article 4.A.);

2. Initial Training for Replacement Operating Manager(s) – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be complete to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our affiliate owned Shops located in Belmar, New Jersey or at other Shops that we may designate. You will be required to pay our then current supplemental training fee for your replacement Operating Manager, currently \$1,000 per manager per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training (Franchise Agreement, Articles 4.A. and 7.J.);

3. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Shop including, but not limited to, Approved Products and Services, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and as set forth in the Operations Manual which we may, in our discretion, modify from time to time. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Marketing Standards and Approval – We may establish, update, and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication



of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.);

5. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Products and Services and the System Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

6. Annual System Conference – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may charge an annual conference fee not exceeding \$1,500. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Articles 4.B. and 5.C.);

7. Administration of Marketing Funds – We may administer and manage System-wide marketing funds comprised of a National Marketing Fund and/or Advertising Cooperative. (Franchise Agreement, Articles 9.A. and 9.F.);

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to, the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Products and Services are prepared, maintained, and served in accordance with the System standards and Operations Manual; and

9. Pricing – As permitted by law, we reserve the right to designate the maximum, minimum, promotional, and other prices, and promotions that you may charge and offer for Approved Products and Services (Franchise Agreement, Articles 3.D. and 3.E.). Our designation of pricing is not a guarantee that you will achieve a specific level of sales or profitability.

**Advertising** We will provide you with the site selection counseling and assistance we think is advisable. Our criteria for site selection include: location of the site and its setting (on-campus setting, free-standing building, shopping center, shopping mall, downtown location, etc.); availability of parking; visibility from main roads; availability, size and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; proximity to competitive businesses; and availability of utilities. We will use these and other factors in determining the suitability of your proposed site for a Playa Bowls Shop. We generally do not own the premises and lease it to you. Once the location for your Shop has been determined, your Shop may not be relocated without our prior written consent. You must provide us with a copy of the signed lease for your Shop location.

If you are not able to locate a suitable site for your Shop within 180 days after you sign the Franchise Agreement, we may terminate your Franchise Agreement.





### **Opening**

We estimate that the time from the Franchise Agreement is signed to the opening of the Shop will be approximately three to six months. Your total timeframe may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Shop, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Shop, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Shop, including purchasing inventory and supplies.

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Shop must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your designated territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf. (Franchise Agreement, Article 9);

2. Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us in our discretion (Franchise Agreement, Article 9.B.). On an on-going and monthly basis, you must spend not less than 1% of your monthly Gross Sales on the local marketing of your Shop. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating, and using such marketing campaigns and in having them printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Designated Territory information about your Shop on the [www.playabowls.com](http://www.playabowls.com) webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. National Marketing Fund – We may control and administer a national marketing fund (the “National Marketing Fund”) (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you may be required to contribute a monthly sum not to exceed 3% of monthly Gross Sales to the National Marketing Fund. Currently, we charge a National Marketing Fund Fee equal to an amount of 2% of your monthly Gross Sales. We may use the National Marketing Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, advertising councils, franchisee advisory



councils, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned Shops may but are not required to contribute to the National Marketing Fund. The National Marketing Fund will maintain unaudited financial records detailing its expenditures and will make available to you, no more frequently than one time in any 12 month period, an unaudited accounting of how monies contributed to the National Marketing Fund were spent each year.

~~We do not~~ provide assistance with conforming the Shop to local ordinances and building codes, obtaining the permits and licenses for the construction and operation of the Shop, completing construction or remodeling, and hiring and training your employees. We do not provide assistance with equipment, signs, fixtures, opening inventory or supplies except by providing a list of approved suppliers and through our written specifications. We do not deliver or install these items.

You must open the Shop and begin business within nine months after you sign the Franchise Agreement. If you are not able to open your Shop within this period, we have the right to terminate your Franchise Agreement or, in our discretion, we may extend the period of time for you to open. You may not open your Shop for business until we have approved you to do so.

If you are a Multi-Unit Developer, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first Shop is the same as for an individual franchisee. Each additional Shop you develop must be opened according to the terms of your minimum performance schedule.

#### **Grand Opening Marketing**

You must conduct a marketing campaign announcing the grand opening of your Shop, and you must spend at least \$10,000 for this campaign. Your grand opening marketing campaign must be conducted in the initial 90 days of operation. We may designate a different time period for you to conduct the grand opening marketing. Your grand opening marketing campaign must include giveaways of food samples and other promotions, as we require, and we must approve of your grand opening marketing campaign before it is conducted. We may require that you use our designated supplier for grand opening marketing and promotion.

#### **National Marketing Fund**

We have established a National Marketing Fund ("Fund") to promote the System, Playa Bowls Shops and the products and services offered by Playa Bowls Shops. (Franchise Agreement, Article 8.3.) You must pay a non-refundable National Marketing Fund Fee to the Fund in an amount equal to up to 3% of Gross Sales. As of December 31, 2022, we have collected \$855,382 towards the National Marketing Fund. \$52,315 was rolled over into 2022. Of the \$827,483 spent, we have spent 64% towards advertising and promotion, 33% towards administrative



~~reimbursements, 1% towards computer and internet, and 2% towards website and graphic design. \$81,214 was rolled over into 2023.~~

~~The Fund is used for national and regional advertising, marketing, publicity and promotional activity relating to the System. We determine, in our fully unrestricted discretion, the manner in which the Fund is spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We are not required to segregate the National Marketing Fund from our general operating funds, and we are not a fiduciary or trustee of the National Marketing Fund. The National Marketing Fund will not be used to directly promote your Shop or the marketing area in which your Shop will be located. As stated in Item 8, we (Franchise Agreement, Article 9.A.). We may use the National Marketing Fund to develop and test various media and technologies for potential use and/or improvement of the operations of Shops and the marketing of Shops. These technology developments and/or improvements may contribute Allowances we receive relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Shops. You may or may not benefit from approved suppliers to the Fund. If we choose to do this, it does not reduce or eliminate your requirement to pay the these technology developments and improvements. The National Marketing Fund will be uniformly imposed upon all franchisees. (Franchise Agreement, Article 9.A.).~~

~~We may use the National Marketing Fund to compensate ourselves for administrative fees associated with managing the National Marketing Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the National Marketing Fund Fee.~~

~~We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We also have the right and performing services on behalf of the National Marketing Fund including, but not limited to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing, developing, and conducting television, radio, magazine, billboard, newspaper, direct mail and other managing media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The Fund is intended to maximize general public recognition in all media of the Proprietary Marks and patronage of Playa Bowls Shops and we have no obligation to ensure that expenditures of the Fund in or affecting any geographic area are proportionate or equivalent to payments of the National Marketing Fund Fee by franchisees operating in that geographic area, or that any Shop will benefit directly or in proportion to the National Marketing Fund Fees paid for the development of advertising and marketing materials or the placement of advertising of the National Marketing Fund. We will not use the National Marketing Fund to directly market the sale of Shop franchises, Shops but may do so indirectly by requiring and including information as to the availability of Shop franchises for sale and contact information for franchise inquiries on and within advertising, marketing, and national marketing brand development materials, including the System website, developed with the National Marketing Funds.~~



As of December 31, 2023, we have collected \$1,436,460 towards the National Marketing Fund. \$81,214 was rolled over into 2023. We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund-related activities and overhead expenses) of developing, producing and distributing any advertising materials and collecting the National Marketing Fund Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any National Marketing Fund Fee). We also have the right to use a portion of the Fund to subsidize the cost of presenting refresher training and/or a franchisee meeting.

Shops owned by us or our affiliates may contribute to the Fund but they are not obligated to do so. Funds from the National Marketing Fund Fees paid will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. Any sums paid to the Fund that are not spent in the year they are collected will carry over to the following year. We will prepare, and furnish to you upon written request, an annual statement of funds collected and costs incurred. The statement will be available after April 30 each year. We are not required to have any Fund statement audited, but if we choose to have the Fund audited it will be at the Fund's expense.

Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Fund, we have the right to reinstate it at any time and you must again contribute to the Fund. Any reinstated Fund will be maintained as described above.

Of the \$1,769,692 spent, we have spent 58.63% towards advertising and promotion, 38.17% towards administrative reimbursements, 1.25% towards computer and internet, and 1.95% towards website and graphic design. \$252,016 was rolled over into 2024;

#### **5. Local Marketing**

You must conduct local marketing in your designated territory and you must spend at least 1% of Gross Sales each month on local marketing for your Shop. Within 30 days of our request, you must provide us with proof of your local marketing expenditures, including verification copies of the advertisements.

We must approve all marketing materials before you use them. You must not advertise or use our Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication, including social media, without our express written consent.

Any marketing that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our review not later than 15 days before you intend to use it. Unless we provide our specific disapproval of the proposed materials, the materials are deemed approved. Any materials you



~~submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.~~

~~We have the right to require you to include certain language in your local marketing, such as “Franchises Available” and our website address and phone number.~~

#### and Regional Advertising Cooperative **Marketing**

~~— We possess the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your Shop you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per Shop located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members we may require that the cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your Shop, you will be required to participate in the cooperative in accordance with the provisions of our ~~operations manual~~Operations Manual which we may supplement and modify from time to time. You will not be required to make contributions to a Local or Regional Advertising Cooperative in amounts exceeding 1% of your monthly Gross Sales.~~

#### **Website / Intranet**

~~We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We have established one or more websites accessible through one or more uniform resource locators (“URLs”) and we may design and provide for the benefit of your Shop a “click through” subpage at our website for the promotion of your Shop. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Shop, you must routinely provide us with updated copy, photographs and news stories about your Shop suitable for posting on your “click through” subpage. We have the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.~~

~~Any websites or other modes of electronic commerce that we establish or maintain, including but not limited to any mobile applications (“apps”) that we may introduce, may—in addition to advertising and promoting the products, programs or services available at Playa Bowls Shops—also be devoted in part to offering Playa Bowls franchises for sale and be used by us to exploit the electronic commerce rights which we alone have.~~



In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Shop; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the “Playa Bowls” name or any names confusingly similar to the Proprietary Marks.

You are not permitted to promote your Shop or use any of the Proprietary Marks in any manner on any digital media, social media, or networking websites, such as Facebook, Foursquare, Instagram, TikTok, LinkedIn or Twitter, without our prior written consent. We will control all digital media initiatives. You must comply with our System standards regarding the use of digital media in your Shop’s operation, including prohibitions on you and the Shop’s employees posting or blogging comments about the Shop or the System, other than on digital media established or authorized by us and subject to our standards and specifications. The term “digital media” includes traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, references, identifies, reviews, promotes and/or relates, in any way, to Playa Bowls Shops, your Shop, the Proprietary Marks, the System and/or us. We may, at our election and subject to our specifications and requirements, provide access to branded digital media pages/handles/assets. We have the right to conduct collective/national campaigns via local digital media on your behalf. At our election, we alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any digital media, including any and all material you may furnish to us.

#### **Advisory Council**

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Playa Bowls Shops, advertising conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision-making authority. We will have the right to form, change, merge or dissolve any advisory council. We may develop by-laws for any advisory council.

If formed, an advisory council will be comprised of our representatives and franchisee representatives. Franchisee representatives may be selected by us or may be elected by other franchisees in the System. If you participate on an advisory council, you we may elect to reimburse you for authorized travel expenses related to your participation in the advisory council.

#### **Training**

No later than 30 days before the date the Shop begins operation, up to three trainees (including you, your General Manager and one additional person) must have completed, to our satisfaction,



our mandatory initial training program. We will conduct this training at our corporate headquarters, at one of our affiliates' Shops, or at another location we designate. Our initial training program lasts for approximately two weeks. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Shops being opened and the timing of the scheduled openings of Shops.

The cost of providing instructors and training materials for up to three trainees is included in the initial franchise fee. You may also have additional personnel trained by us for the Shop, at your expense. We will determine whether your trainees have satisfactorily completed initial training. If you and/or the General Manager do not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Shop. If the replacement General Manager cannot complete the initial training program to our satisfaction, we have the right to terminate your Franchise Agreement. You will incur our then current per person training fee (currently \$1,000) for each additional trainee (after the first three) you send to our initial training program, and for any replacement General Manager. You must also pay all expenses that are incurred for you, your managers and other personnel during participation in the initial training program, including travel, lodging, meals and applicable wages.

Any manager subsequently designated by you must also receive and complete the initial training program to our satisfaction, even if this requires sending that manager to our headquarters training program, at your expense. You will incur our then current per person training fee (currently \$1,000) for each replacement or successor manager or employee you send to our initial training program if we have not approved you to provide the training. You must also pay for all expenses your replacement managers and other personnel incur for any training program, including costs of travel, lodging, meals and applicable wages. We may approve you to train replacement managers under our training program before permitting you to train your entire staff for a third or later Shop opening. You may not train any personnel until we have approved you as a trainer.

If you request it, or if we deem it is necessary, we will provide one of our representatives to provide up to seven days of pre-opening and opening assistance and training around the opening of your Shop. You must pay our then current per diem fee (currently \$400) for each day our representative spends at your Shop, and you must reimburse the out-of-pocket expenses our representative incurs, including travel, lodging and meals. If you are opening your second (or later) Shop, we have the right to reduce the duration of our representative's visit or to not provide opening assistance.

If, during the term of your Franchise Agreement, you request that we provide additional training or assistance on-site at your Shop or if we determine that additional training or assistance is necessary, you must pay our then current per diem fee (currently \$400) for each trainer we



provide, and you must reimburse the trainer's expenses, such as costs of travel, lodging, and meals.

The instructional materials used in the initial training include our Manual, marketing and promotion materials, materials related to the operation of the point-of-sale system, videos, scripts, PowerPoint presentations, and any other materials that we believe will be beneficial to our franchisees in the training process. The training schedule and activities of the initial training program are described below:

As of the Issuance Date of this Disclosure Document we have not established any local or regional advertising cooperatives but reserve the right to do so in the future; and

6. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

**Computer System**

You must purchase, license, and use the computer, point of sale, business management, and ordering systems that we designate. Currently, the designated point of sale system that you must license, and use is Clover, and as may be otherwise designated by us in the Operations Manual. You are required to purchase and operate at least one configured and licensed point of sale hardware terminal. Currently we recommend that you use ADP for payroll services and Dolce Software for scheduling and timekeeping. Additionally, you must purchase and maintain a computer system on-site at your Shop Location. You are responsible for maintaining updated and current versions of all software systems designated by us. You are responsible for the maintenance and repair of all computer equipment and computer systems that we designate and require. Estimated costs for the maintenance, repair and update of the designated computer systems ranges from \$250 to \$1,500 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. You are required to provide us with independent access to all of the information and data that is transacted, collected, and stored by the Franchised Business on the Business Management Systems, your computer systems, and otherwise.

**Initial Training**

If this is your first Shop we will provide initial training for you, or if you are a Corporate Entity, your Managing Owner, your designated general operating manager plus one designated employee. You or your Managing Owner, your general operating manager, and one additional designated employee must successfully attend and complete the initial training program to our satisfaction no later than 30 days before the opening of your Shop. The initial training program takes place over an approximate two-week period. If more than three individuals attend initial training you will be charged an additional fee per additional persons attending initial training. Although we provide you, your general operating manager, and one additional designated employee with initial training at no additional fee or charge, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

**TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
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Basic Operations and Overall Philosophy	<u>40.5</u>	0	Belmar, New Jersey
Branding/Brand Standards	<u>1</u>	<u>3</u>	<u>Belmar, New Jersey</u>
Catering	<u>0.5</u>	<u>1.5</u>	<u>Belmar, New Jersey</u>
Creating Products	<u>0</u>	<u>20</u>	<u>Belmar, New Jersey</u>
Customer Service	<u>0.5</u>	<u>3</u>	<u>Belmar, New Jersey</u>
Food Safety Practices	<u>1</u>	<u>10</u>	<u>Belmar, New Jersey</u>
Franchise Resource Website	<u>0.5</u>	<u>0.5</u>	<u>Belmar, New Jersey</u>
History	<u>0.5</u>	<u>0</u>	<u>Belmar, New Jersey</u>
Inventory Management	<u>0.5</u>	<u>6</u>	<u>Belmar, New Jersey</u>
Knowledge Check & Certifications	<u>0</u>	<u>4</u>	<u>Belmar, New Jersey</u>
Marketing/Community Outreach	<u>1</u>	<u>1.5</u>	<u>Belmar, New Jersey</u>
Opening & Closing Duties	<u>0</u>	<u>4</u>	<u>Belmar, New Jersey</u>
Ordering Strategy	<u>0</u>	<u>6</u>	<u>Belmar, New Jersey</u>
Personnel Management & HR	<u>1</u>	<u>2</u>	<u>Belmar, New Jersey</u>
Point of Sale Back Office	<u>1</u>	<u>0</u>	<u>Belmar, New Jersey</u>
Point of Sale Front Office	<u>40</u>	<u>44</u>	<u>Belmar, New Jersey</u>
Ordering Strategy	0.5	0	Belmar, New Jersey
Receiving an Order	0.5	0	Belmar, New Jersey
Nutrition Overview & Nutrition	1.5	0	Belmar, New Jersey
Catering	1	0	Belmar, New Jersey
Products Overview	2	0	Brick, New Jersey
Marketing	1	0	Belmar, New Jersey
Accounting	1	0	Belmar, New Jersey
History	0.5	0	Belmar, New Jersey
Store Racking and Set-up	1	1	Brick, New Jersey
Scheduling System Overview	0.75	0	Belmar, New Jersey
Initial Product Placement and Inventory & Storage Room Set-Up	<u>40</u>	1	Belmar, New Jersey
Storage Room Set-up and Inventory Management	1	1	Brick, New Jersey
Store Opening Timeline/Construction Status Products Overview	0.5	<u>01.5</u>	Belmar, New Jersey
Customer Service	1	1	Belmar, New Jersey
Work Culture	0.5	0	Belmar, New Jersey
Receiving and Stocking Inventory	<u>40</u>	<u>44</u>	Belmar, New Jersey
Opening and Closing Duties Receiving an Order	<u>20</u>	<u>44</u>	Belmar, New Jersey
Personnel Management & HR Schedule System Overview	1.5	<u>02</u>	Belmar, New Jersey



Social Media Strategy	0.51	01	Belmar, New Jersey
POS Back Office—Inventory Management	0.5	1	Belmar, New Jersey
Delivery			
Branding	1	0	Belmar, New Jersey
Creating Products	0	10	Brick, New Jersey
Subtotal Hours	23.2511	1880	
Total Hours	41.2591		

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Our training is coordinated by our Operations Team and instructors in the field. We may also rely on the expertise of certain of our employees or our affiliates' employees to provide training on specific areas. Each of our instructors has at least five years of experience relevant to the subjects they are teaching and at least five years of experience with us and/or our affiliates. The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained. We may choose to hold refresher training courses, and we may designate that attendance at refresher training is mandatory for you, your General Manager and/or other Shop personnel. You must pay our then current per person fee (currently \$400) for each trainee from your Shop, and you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages. We may also choose to hold an annual meeting of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons. If we choose to hold a meeting, we may designate that attendance at an annual meeting is mandatory for you, your General Manager and/or other Shop personnel. You must pay our then current per person fee (currently \$400) for each attendee from your Shop, and you will pay for all of the expenses incurred by your attendees at the meeting including travel, lodging, meals and wages. We will designate the location of any franchisee meeting, such as a resort hotel, but we will not designate an unreasonably expensive site.

In addition to our initial training program, you, ~~your managers and any other personnel we designate~~ or if you are a Corporate Entity, your Managing Owner, one designated general operating manager plus one designated employee must be ServSafe certified or other similar certifications. The cost of these certifications is not included in the ~~initial franchise fee~~ Initial Franchise Fee, and we do not provide certification. You may need to receive periodic additional training and/or certification.

### Confidential Operations Manual

The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit E. Our Manual contains approximately 140 pages.

### Computer and Point of Sale Systems

You must purchase and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer



applications. The estimated cost of these applications and systems is between \$1,300 and \$2,600 for a one or two station configuration. We currently require you to use the Clover POS system and we recommend you use ADP for payroll and Dolce Software for scheduling and timekeeping. The estimated costs for ADP's payroll services are \$157.95 base rate, plus \$3.10 processing fee per employee over four less 49.99% discount for each bi-weekly pay period and a 30% discount off annual W-2 processing. There is a \$200 one-time set-up fee, but our franchisees who use ADP may receive a waiver of this fee plus two free Zip Recruiter posts. The estimated monthly cost for the Dolce Software employee scheduling and payroll timekeeping is \$3 per active employee. The point of sale and computer systems will provide order processing, business reports, credit card processing, inventory control and other functions.

The computer system is designed to enable us to have independent access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed internet connection in accordance with our specifications to permit us to access the computer system (or other computer hardware and software) either electronically or at the Shop premises. This will permit us to electronically inspect and monitor information concerning your Shop's Gross Sales and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at all times and in the manner, we specify, at your cost. We may download Gross Sales and other information from your computer system, and there are no contractual limitations on our access to your computer system or the information we retrieve from your computer system.

The approved supplier for the point-of-sale system, if we designate one, will be included in the Manual. We do not require that you purchase a maintenance contract for your point-of-sale or computer system, but you may find it advisable to do so. Because we do not require you to have a maintenance contract, we cannot estimate the cost of a maintenance contract. You must obtain any upgrades and/or updates to the software used with the point-of-sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point of sale and/or computer system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale and/or computer system or the cost of any update and/or upgrade. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point of sale or computer system. Instructional materials that will be used in the initial training process includes our Operations Manual, live instruction, and handouts. Initial training will be conducted under the direction and supervision of our Director of Learning and Development, Lindsay Manchester. Lindsay Manchester is our Director of Learning and Development and has served in this role since January 2024. From November 2021 to January 2024, Ms. Manchester served as our Manager of Learning and Development. From May 2021 to November 2021, Ms. Manchester was Store Director at Event Network at Liberty Science Center in Jersey City, New Jersey. From August 2011 to October 2020, Ms. Manchester was Retail Manager at Six Flags Great Adventure in Jackson, New Jersey. The level of



experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.J.).

After the opening of your Shop, we reserve the right to require that you (or your Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned Shops in Belmar, New Jersey or other Shop location designated by us and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

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## ITEM 12 TERRITORY

### Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate one ~~Playa Bowls~~ Shop at a specific Shop ~~location~~Location. If the location is not known at the time you sign a Franchise Agreement, then your Shop location must be ~~selected and designated~~secured by you but ~~is~~ subject to our ~~review and~~ approval.

If we enter into ~~and sign~~ a Multi-Unit Development Agreement with you, we will grant to you the right to develop a mutually agreed upon number of Playa Bowls Shops within a specified Development Area and subject to ~~a minimum performance schedule (the “Minimum Performance agreed upon Development Schedule”)~~. The first Shop that you develop under your Multi-Unit ~~Development~~ Agreement will be ~~subject to and~~ governed by the Franchise Agreement. Based on your ~~Minimum Performance~~Development Schedule obligations, you must sign our then current Franchise Agreement for all other Shops authorized by your Multi-Unit Development Agreement.

### Grant of Territory

Under the Franchise Agreement, once you identify a site that we approve for your Shop Location we will designate an area around your site as your designated territory (the “Designated Territory”). There is no minimum size for a designated territory, the scope and size of your Designated Territory will, generally, be a distance of two miles from the Shop ~~location~~Location in all directions travelable by road, but may be smaller based on population density, demographics, and geographical boundaries. If your Shop is located within a non-traditional location or a captive market type facility, such as a shopping mall, stadium, amusement park, airport, university, or a similar facility with a captive market, your Designated Territory may be limited to the physical boundaries of the non-traditional location or captive facility. Depending on the demographics and geography we may designate your Designated Territory where your Shop is located at the center of the Designated Territory or where your Shop is located elsewhere within the Designated Territory. We may identify your Designated Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

~~Under~~If we enter into a Multi-Unit Development Agreement, ~~under~~ the Multi-Unit Development Agreement, we will grant to you a Development Area. The size of your Development Area will vary significantly from other franchisees, will be negotiated at the time of signing your Multi-Unit Development Agreement, will depend on your agreed upon ~~Minimum Performance~~Development Schedule, and other factors, including our System development plans, and the nature of the market and demographics in which your Development Area is located.

### Relocation

Your right to relocate your Shop is not guaranteed and approval of a request by you to relocate your Shop is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of other Shops, our expansion plans, the designated territory, demographics, and other factors that, at the time of a relocation request, are relevant to us. If you sign a Multi-Unit Development Agreement, you will not be granted the right to relocate your Development Area. As ~~a~~ condition ~~for~~of our approval of a relocation request, at our election, we may require that you sign our



then current ~~Shop~~ Franchise Agreement and pay our then current initial franchise fee that is prorated to provide a credit based on the number of years remaining on the initial term of your original Franchise Agreement.

#### Establishment of Additional Shops

You do not have the right to establish additional Shops unless you sign a Multi-Unit Development Agreement. If we enter into and sign a Multi-Unit Development Agreement, ~~based on your Minimum Performance Schedule, with you then~~ you will have the right to develop a mutually-agreed upon number of additional Shops within a specified Development Area. ~~Your~~ The size of your Development Area will vary significantly from other franchisees and your right to develop additional Shops under a Multi-Unit Development Agreement will be subject to your timely compliance with the agreed upon development schedule, your compliance with the terms of your Multi-Unit Development Agreement, and your compliance with all other agreements with us and our affiliates, including all Franchise Agreements. ~~If you do not meet the development schedule, we may terminate your Franchise Agreement without refunding any fees to you if you do not cure this default within 30 days of notice from us.~~

Our approval of future Shop ~~locations~~ Locations and their respective designated territories will be based on our then current site and territory criteria. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Shops in the Development Area for you to meet your Minimum Performance Schedule.

#### Options and Rights of First Refusal to Acquire Additional Franchises

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

#### Territory Rights

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. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not establish or open and we will not grant another franchisee the right to establish or open a Playa Bowls Shop at a Shop ~~location~~ Location within your Designated Territory.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you, ~~(Franchise Agreement, Article 2.D. and Multi-Unit Development Agreement, Section 2.3)~~, to engage in the following activities (our “Reserved Rights”): ~~(4a)~~ operate and grant to others the right to develop and operate Shops and Franchised Businesses using the System and ~~Proprietary~~ Licensed Marks at locations outside your Designated Territory and, if applicable, Development Area, as we deem appropriate and irrespective of the proximity to your Designated Territory and, if applicable, Development Area; ~~(2b)~~ acquire, be acquired, develop, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, and after such acquisition, development, merger or affiliation, to own and operate and to franchise or license others the right to own and operate and to continue to own and operate such businesses of any kind, even if such businesses are located in and/or offer and sell products and services that are the same as or similar to a the Franchised Business within your



Designated Territory and, if applicable, within your Development Area, but not using the Licensed Marks; (c) use the Licensed Marks and System to distribute the Approved Products and Services offered and sold by the Franchised Business or products and services similar to the Approved Products and Services offered and sold by the Franchised Business including, but not limited to, merchandise, sauces, seasonings, flavorings, frozen menu items, prepackaged menu items, and prepared menu items, offered and sold through alternative channels of distribution including wholesale outlets, wholesale stores, supermarkets, grocery stores, e-commerce and/or internet based sales channels, within or outside your Designated Territory and, if applicable, your Development Area; (d) operate, and grant to others the right to develop and operate, a Shops using the System and Proprietary Marks within or at or within captive market locations (each a “Non-Traditional Site”) including, but not limited to, indoor malls, airports, transportation stations, factories, government facilities, military bases, hospitals, amusement parks, stadiums and sports facilities, recreational parks or facilities, sports facilities, convention centers, travel centers, schools, colleges and other academic facilities, seasonal and cafeteria facilities, shopping malls, convention centers, vehicle rest stops and travel centers, theaters, workplace cafeterias, hotels, and venues in which foodservice where food service is administered or may be provided as a concession by a master concessionaire or contract foodservice provider, and similar venues, sites, and locations, both within and outside your Designated Territory and, if applicable, your Development Area; (3) granting national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party’s trademark, both within and outside your Designated Territory and, if applicable, your Development Area; (4) merchandising and distributing products identified by the Proprietary Marks through any method or channel of distribution other than through the operation of a shop, including distribution of products, including proprietary products, through supermarkets, grocery stores, club stores and similar stores both within and outside your Designated Territory and, if applicable, your Development Area; (5) selling and distributing products identified by the Proprietary Marks to shops, other than Shops identified by the Proprietary Marks, regardless of whether the shops are licensed to use the Proprietary Marks in connection with their retail sales or not and regardless of whether or not the shops are located within or outside your Designated Territory or, if applicable, your Development Area; (6) selling products and services through other channels of distribution, including the internet, wholesale, mail order and catalog both within and outside your Designated Territory and, if applicable, your Development Area; (7) developing and/or owning shops and other franchise systems, within and outside your Designated Area and, if applicable, your Development Area, for the same or similar products and services, including shops that are the same as or similar to a Playa Bowls Shop using trade names and trademarks other than the Proprietary Marks; (8) acquiring, being acquired by, merging with, directly developing, or otherwise affiliating with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, a Playa Bowls Shop, and after such acquisition, merger, development, or affiliation to develop, own, and operate, franchise or license others to develop, own, and operate and, to continue to develop, own, and operate, such businesses of any kind, even if such businesses compete with and/or offer and sell products and services that are the same as or similar to a Playa Bowls Shop, provided that such business does not and (e) use the Licensed Marks, within your Designated Territory and, if applicable, within your Development Area; and (f) use the Proprietary Marks and System and to license others to use the Proprietary Licensed Marks and System, to engage in all other



activities not expressly prohibited by the Franchise Agreement ~~and, if applicable, the Multi-Unit Development Agreement.~~

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

There are no restrictions on us from soliciting or accepting orders from customers 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 the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

~~We and our affiliates may sell products under the Marks within and outside your Designated Territory through any method of distribution other than a Playa Bowls Shop, including sales through channels of distribution such as the internet, catalog sales, grocery stores, club stores, specialty food stores, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Designated Territory and you will not receive any compensation for our sales through alternative distribution channels.~~

~~We or our affiliates will fulfill all orders placed through the retail portion of our Website and you will not be entitled to any portion of the profits received from this, even if the customer’s order is generated from or delivered to an address in your Designated Territory.~~

#### Soliciting by You Outside Your Territory

You are required to target and direct the marketing of your Shop to customers located within your territory. You may only offer and sell Approved Products and Services from your Shop ~~location~~Location located within your Designated Territory and, only to (a) retail customers for consumption on the premises of your Shop ~~location~~Location, (b) personal carryout from your Shop ~~location~~Location, (c) delivery, ~~if authorized by us, to~~ customers located within your Designated Territory, and (d) catering, ~~if authorized by us,~~ to customers physically located within your Designated Territory.

~~You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system, through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by other communications. While you may, subject to our System standards and approval process, place advertisements in printed media, digital media, and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, you will not be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the media viewed or received by prospective customers outside of your Designated Territory. You may not directly solicit customers outside of your Designated Territory.~~

#### Competition by Us Under Different Trademarks

We do not have plans to operate or franchise a business under trademarks different from the ~~Proprietary~~Licensed Marks that sells or will sell goods or services similar to those that will be offered by





you through the Franchised Business ~~but we have the right to do so in the future, without first obtaining your consent.~~

### ITEM 13 TRADEMARKS

Under the terms of the Franchise Agreement, you will be granted a license to use ~~certain trademarks, trade names, service~~ the “Playa Bowls” trademark and those other marks, ~~symbols, emblems, logos, and indicia of origin designated by us, that we designate.~~ Our affiliates, Playa Bowls, LLC and Playa Bowls IP, LLC, ~~own~~ are the owners of the Licensed Marks and have granted to us a license with an initial 20 year term and with automatic renewal thereafter to use the Licensed Marks and to license our franchisees to use the Licensed Marks ~~(the “License Agreement”). Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Marks pursuant to the terms of their Franchise Agreement. Termination of the License Agreement does not terminate use of the Marks by our authorized franchisees.~~ We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Shop. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish.

#### Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the “USPTO”) and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Mark	USPTO Registration Number	Registration Type	Registration Date
PLAYA BOWLS	5511222	<del>1A</del> 1(a)	July 10, 2018
Welcome Pineappleland#GoBowlsDeep	<del>5579740</del> 5145844	<del>1A</del> 1(a)	<del>February 21,</del> 2017October 9, 2018
New Jersey’s Original ShopWelcome to Pineappleland	<del>5923152</del> 5579740	<del>1A</del> 1(a)	<del>November 26,</del> 2019October 9, 2018
PLAYA CLUBNew Jersey’s Original Acai Shop	<del>5976059</del> 5923152	<del>1A</del> 1(a)	<del>February 4,</del> 2020November 26, 2019
Playa CoconutPLAYA CLUB	<del>6452475</del> 5976059	<del>1A</del> 1(a)	<del>February 4,</del> 2020August 17, 2021
PlayanolaPlaya Coconut	<del>6551133</del> 6452475	<del>1A</del> 1(a)	<del>August 17</del> November 9, 2021



Playa Pitaya <del>Playanola</del>	7287657 <del>6551133</del>	1-A <del>1</del> (a)	November <del>9,</del> 2021 January <del>23,</del> 2024
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Principal Trademarks Not Registered with the United States Patent and Trademark Office

The following principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, and will be used by you in the operations of the Franchised Business but are not registered with the USPTO. As to each of these principal trademarks:

We do not ~~There~~ have a federal registration for each of these principal trademarks. Therefore, the trademarks identified below do not have many legal benefits and rights that are afforded to federally registered trademarks. If our right to use the trademarks (identified below) is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Serial Number for Registration Application Filed with USPTO Application	Application Type	Application Date
Playa Bowls Acai	98406556	1(a)	February 15, 2024
Playa Mango	98398980	1(a)	February 9, 2024
Playa Rewards	98399010	1(a)	February 9, 2024

As to our principal trademarks there are no currently effective material determinations of ~~by~~ the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state ~~or any court,~~ There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. Our affiliates, Playa Bowls, LLC and Playa Bowls IP LLC have licensed the Marks to us so that we may sub-license them to our franchisees in a perpetual, non-cancellable trademark license agreement dated July 25, 2017. Other than one of the parties ceasing to exist, there are no circumstances under which this trademark license agreement may be terminated or modified. If the trademark license agreement is terminated, you will still be able to use the Marks and the System until the end of the term of the Franchise Agreement. Other than this trademark license, we ~~our~~ principal marks. We know of no superior prior rights or infringing uses ~~use~~ that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks our principal marks or other related rights in any manner material to the franchise. Both Playa Bowls, LLC and Playa Bowls IP LLC intend to file all affidavits and other documents required to maintain their interest in and to the Marks state.

You are required to provide us with written notice of any claims that you may become aware of respecting the Licensed Marks including your use of the Licensed Marks and or any claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks. ~~You and your Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim.~~ We maintain the exclusive discretion to take any and all actions, or, to refrain from any action, that we believe to be



appropriate in response to any trademark infringement, challenge, or claim. As between us, we possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or ~~settlements~~settlement(s) involving any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable for the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

~~We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.~~

~~Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.~~

~~We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.~~

~~The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:~~

- ~~1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees;~~
- ~~2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and~~
- ~~3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.~~

We will protect your right to use the Licensed Marks and other related rights and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that you use the Licensed Marks in accordance with the terms of your Franchise Agreement, as designated by us in the Operations Manual, and otherwise, as we instruct you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Operations Manual, our



written instructions and, that you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise Agreement and, if applicable, Multi-Unit Development Agreement. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names required and designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

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

##### Patents and Copyrights

We do not ~~have an ownership interest in~~ any rights to, or licenses in any ~~pending or registered~~ patents ~~patent~~ or copyrights ~~that are~~ material to the franchise.

~~Confidential~~ System. We may ~~copyright~~ advertising materials and design specifications, our Operations Manual, and other written materials, and items. We have not applied to the USPTO for the issuance of any patents.

You must keep You must operate the Shop in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement. We may, instead of providing you with a hard copy of the Manual, make our Manual available electronically via a password protected intranet. You must treat the Manual and any other manuals we create or approve for use in your operation of the Shop, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Shop premises. We may revise the contents of the Manual and you must comply with each new or changed standard. You must also ensure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

##### Confidential Information

We claim proprietary rights in certain of our recipes which are included in the Manual and which are our trade secrets. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, plans and specifications; marketing information and strategies and site evaluation, selection assistance and techniques;



recipes, and the terms of your agreement with us, are considered confidential. You and each of your Principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Shop that may be communicated to you or any of your Principals or that you may learn about. You and each of your Principals may divulge this confidential information only to your employees who must have access to it to operate the Shop. Neither you nor your Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. You must have your General Manager and any of your personnel who have received or will have access to confidential information sign similar confidentiality covenants.

If you, your Principals, General Manager or employees develop any new concept, process or improvement in the operation or promotion of the Shop, you must promptly notify us and give us all necessary information, free of charge. You, your Principals, General Manager and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

as confidential our Operations Manual and any supplements to the Operations Manual. Our Operations Manual may take the form of written materials and/or digitally distributed and stored materials and made available to you for use in connection with the Franchised Business. The Operations Manual contain information about our System, Approved Products and Services, System Supplies, proprietary products, marketing systems, training, and confidential methods of operation. You must use all reasonable and prudent means to maintain the Operations Manual and the information maintained in the Operations Manual as confidential and prevent any unauthorized copies, recordings, reproduction, or distribution of the Operations Manual or the information contained in the Operations Manual. You must also restrict access to the Operations Manual to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Operations Manual and refrain from distributing or disclosing the Operations Manual and the information contained in the Operations Manual. You must provide us with immediate notice if you learn of any unauthorized use of the Operations Manual or of the information contained in the Operations Manual, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Operations Manual. We will take any and all action(s), or refrain from taking action, that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL**

### **OPERATION OF THE FRANCHISE BUSINESS**

When you sign your Franchise Agreement, you must designate and retain at all times an individual to serve as the General Manager. We require you to hire an individual who is not one



of your Principals to be the General Manager. We do not require that your General Manager have an ownership interest in you. The General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, must be individually acceptable to us, and must be approved by us to act as a General Manager. At all times the Shop must be under the management of a General Manager who is responsible for the supervision and management of the Shop. The General Manager must devote full time and best efforts to this activity. The General Manager also must satisfy the applicable training requirements in the Franchise Agreement. If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 30 days after the General Manager stops serving or no longer meets the requirements.

We expect that you will be actively involved in the daily operation of your Shop unless we permit you to not be actively involved. If you are not actively involved in the daily operation of your Shop, then we will communicate with and rely on the decisions made by your General Manager, but you must still make sure that your Shop is being operated according to the terms of your Franchise Agreement and the Manual. You must also retain other personnel as are needed to operate and manage the Shop.

Your General Manager and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality Non-Disclosure and Non-Competition Agreement which is attached to our Franchise Agreement as Attachment 4. We will be a third party beneficiary to each of these agreements with the independent right to enforce each agreement's terms. We have the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty which is attached to our Franchise Agreement as Attachment 7.

The Franchise Agreement requires that you or, if you are a Corporate Entity, your designated managing shareholder, member, or partner (your "Managing Owner") be personally responsible for the management and overall supervision of your Shop. Your Managing Owner must complete, to our satisfaction, our initial training program and be approved by us. While we recommend that your Managing Owner personally participate in the day-to-day management and on-site supervision and operations of your Shop, you may hire an operating manager to supervise and manage the day-to-day on-site operations of your Shop provided that your operating manager: (a) meets all of our minimum standards and criteria for managers; (b) completes our initial training program; and (c) signs our confidentiality agreements (an "Operating Manager"). At all times, your Shop must be managed and supervised on-site by either a Managing Owner or Operating Manager. If you own and operate multiple Shops then each Shop must be managed and supervised on-site by an Operating Manager.

You and, if you are a Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and the spouse of each Owner must personally guarantee your obligations to us under the Franchise



Agreement. You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration or termination of the Franchise Agreement with said period being tolled during any periods of non-compliance, neither you nor your Owners and their spouses will participate in any competitive business located within and/or servicing customers located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a 10 mile radius of any other Playa Bowls Shop and/or the designated territory of any other Playa Bowls Shop. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement.

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

You must may only sell or offer for sale all menu items, food products, merchandise, the Approved Products and other Services as specified in the Operations Manual or otherwise approved by us in writing and may only sell the products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, required by us. We can change the products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, you must offer. There is no limitation on our right to change the products and services offered by you at the Shop at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, proprietary products, merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items according to our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications sold by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent. We have the right to vary the menu items offered at certain Playa Bowls Shops based on regional or local tastes or ingredients. If we allow a, You are not limited to whom you may sell products and services of your Playa Bowls Shop to modify its menu to accommodate regional or local tastes or ingredients, we are not required to grant to you a similar variance or modification. , provided you do so exclusively from your Shop Location and as otherwise required by and in compliance with the standards we

You must keep the Shop very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point of sale,



computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Shop.

We have the right to determine the maximum prices for the goods, products and services offered from your Shop, as permitted by applicable law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits. You are not permitted to offer customer discounts for cash payments, and you are not permitted to issue surcharges to customers for payments made by credit card, unless we provide our prior written permission for the System.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You may not directly solicit customers outside of your Designated Territory.

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ITEM 17  
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The Franchise Relationship Under a Single Unit Franchise Agreement

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~~Disclosure Document.

Provision	Article in Franchise Agreement	Summary
<del>a.</del> <u>a.</u> Length of the franchise term	<del>Article 3.12.B.</del>	<del>The term of your Franchise Agreement is 10 years.</del>
<del>b.</del> <u>b.</u> Renewal or extension of the term	<del>Article 3.21</del>	<del>OneIf you meet our conditions for renewal you may renew your franchise for one additional 10 year term of 10 years.</del>
<del>c.</del> <u>e.</u> Requirements for franchisee to renew or extend	<del>Article 3.21</del>	<del>You must provide us with notice thatTo renew your franchise you wish to renew, must be in compliance with the terms of your Franchise Agreement, be provide us with 180 days prior written notice of your request to renew, sign our then current in all payments required by the form of Franchise Agreement and related agreements for the renewal term, sign a general release</del>

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		in our favor, pay a renewal fee, remodel and/or refurbish upgrade your Shop if we require, sign renewal to meet our standards and specifications, secure and possess the legal right to continue to occupy the premises of your Shop location, and meet all other renewal requirements contained in the Franchise Agreement, sign general release, pay renewal fee. You may be asked to sign a contract. Your Owners must be in compliance with their agreements with us, including the Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal Franchise Agreement which may contain terms materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly-situated renewing franchisees from your current Franchise Agreement.
d. d. — Termination by franchisee	Not applicable 16 B.	You may terminate the Franchise Agreement on any grounds available by law You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach.
e. e. — Termination by franchisor without cause	Not applicable	Not applicable.
f. f. — Termination by franchisor with “cause”	Article 17.1.1 16.A.2	Each We can terminate if you are in default of your obligations under the terms of the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. g. — “Cause” defined — curable defaults	Articles 17.1.3 and 17.2 16.A.(3) 16.A.(4)	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required); fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within five days after a request; fail to obtain and maintain required insurance within seven days after notice; suspension of required license or permit; use the Marks in an unauthorized manner and fail to cure within 24 hours after notice; fail to maintain quality standards; fail to operate the Shop during the hours and days specified by us; fail to cure any other default that is susceptible of cure within 30 days after notice You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not



		<p><u>intentionally and knowingly in violation of the Franchise Agreement.</u></p> <p><u>You will have 30 days to cure a default where you fail to: timely lease a location that we approve for your Shop; timely develop and open your Shop; operate your Shop in accordance with the specifications, standards, and requirements set forth in our Operations Manual; develop or operate your Shop in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the Operations Manual; and/or fail to operate your Shop in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable.</u></p>
<p><u>h.</u> <del>h.</del> —“Cause” defined —non-curable defaults</p>	<p>Articles 17.1.2 and 17.1.3 16.A.( ), 16.A.(2)</p>	<p><u>We may terminate you for cause if you fail to cure certain defaults, including: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to find an accepted location within time required, fail to remodel when required, fail to open Shop when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Shop premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, required license permit is revoked, repeated defaults, or maintain false books or records. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision. The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, and/or the standards specifications, and/or requirements set forth in the Operations Manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business or fail to maintain the required leasehold and/or ownership interests in your Shop Locations; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the</u></p>



		<p>data, information, and/or records that you record and/or submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the Operations Manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business.</p>
i.	<p><del>i.</del> Franchisee's obligations on termination/non-renewal</p>	<p>Article 186, 17</p> <p>Obligations include: You must stop operating the Shop and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials, comply with confidentiality requirements, pay liquidated damages (if applicable), and at our option, sell or assign to us your rights in the Shop premises and the equipment and fixtures used in the business us; maintain employment practices liability insurance for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located; appoint us as your true and lawful attorney in fact and agent for your obligations under the terms You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the Operations Manual, the Business Management System, the Business Management</p>



		System Data, and the System Supplies; return the Operations Manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
<u>j.</u> <del>j.</del> —Assignment of <u>the</u> contract by franchisor	Article 14.1 <u>A.</u>	<u>No restriction on our right to assign.</u> We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
<u>k.</u> <del>k.</del> —“Transfer” by franchisee— <u>defined_ definition</u>	Article 14.2.1 <u>B.</u>	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement; the Shop or you (if you are not a natural person) A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
<u>l.</u> <del>l.</del> —FranchisorFranchisor’s approval of transfer by franchisee	Article 14.2.2 <u>B.</u>	You must obtainTransfers require our prior written consent before transferring any interest. We will not unreasonably withhold, which may be granted or withheld in our consentdiscretion.
<u>m.</u> <del>m.</del> —Conditions for franchisor franchisor’s approval of transfer	Article 14.2.2 <u>C.</u>	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction and sign current Franchise AgreementFor approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by



		all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws).
<del>n.</del> <del>n.</del> — Franchisor's right of first refusal to acquire franchisee's business	<del>Article 14.4</del>	Within 30 days after notice, we <del>We have the option</del> <u>right to match any offer to purchase your Shop or the transferred interest on the same terms and conditions</u> <del>Corporate Entity operating your Shop.</del>
<del>o.</del> <del>o.</del> — Franchisor's option to purchase franchisee's business	<del>Article 18.12</del> <u>Not applicable</u>	<del>Upon termination or expiration of the Franchise Agreement, we have the right to purchase certain assets of the Shop</del> <u>Not applicable.</u>
<del>p.</del> <del>p.</del> — Death or disability of franchisee	<del>Article 14.5</del>	<del>Upon your death or permanent disability (if you are a natural person) or upon the death or permanent disability of any Principal, distributee must be approved by us, or franchise must be transferred to someone approved by us within 12 months after death or within six months after notice of permanent disability</del> <u>If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.</u>
<del>q.</del> <del>q.</del> — Non-competition covenants during the term of the franchise	<del>Article 10.3.1</del> <u>6</u>	<del>You are prohibited from operating or having an interest in a similar business without our prior written consent</del> <u>No involvement in any competitive business and must comply</u>



		with confidentiality, non-disclosure, and non-solicitation covenants.
<u>r.</u> <del>r.</del> —Non-competition covenants after the franchise is terminated or expires	Article 10.3-26, 17.1	You and your Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 25 miles of any Shop in the System. No involvement, ownership, or interest whatsoever for 24 months in any competing business in: your Designated Territory; a 25-mile radius of your Designated Territory; a 10-mile radius of the Designated Territory of any other Shop; and you must comply with confidentiality, non-disclosure, and non-solicitation covenants.
<u>s.</u> <del>s.</del> —Modification of the agreement	Articles 10.1-5 and 19.2-18.L.	The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended. Requires writing signed by you and us, except for unilateral changes that we may make to the Operations Manual or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
<u>t.</u> <del>t.</del> —Integration/merger clauseclauses	Article 19.2-18.M.	Only the terms of the Franchise Agreement and other related written agreements schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding (subject to applicable federal and/or state law). Any Nothing in any agreement is intended to disclaim the express representations or promises outside of the disclosure document made in the Franchise Disclosure Document, its exhibits, and Franchise Agreement may not be enforceable amendments.
<u>u.</u> <del>u.</del> —Dispute resolution by arbitration or mediation	Article 19.7-18.G.	Arbitration within the county where we maintain our headquarters (currently Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Monmouth County, New Jersey); and, if mediation is unsuccessful, then to binding arbitration in Monmouth County, New Jersey. This provision is subject to applicable state and federal law.
<u>v.</u> <del>v.</del> —Choice of forum	Article 19.8-18.G.	The county All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, state where we maintain our headquarters (currently court of general jurisdiction that is within or closest to Monmouth County, New Jersey); or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state and federal law.
<u>w.</u> <del>w.</del> —Choice of law	Article 19.8-18.F.	The state where we maintain our headquarters (currently New Jersey); law will govern. However, this provision is subject to



		<del>applicable state law and federal law</del> as otherwise disclosed in Exhibit I to this Disclosure Document.
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The Franchise Relationship Under a Multi-Unit Development Agreement

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

Provision	Article	Summary
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		Sections in Multi-Unit Development Agreement	
a.	a. — Length of the franchise term	63	<del>Length of the Minimum Performance Schedule</del> Varies depending on the number of Shops to be developed and the Development Area. The agreement commences on the effective date and the term automatically expires at the earlier of the opening of the final Shop required for development, or the last day of the calendar month in which the final Shop was required to be open under the Multi-Unit Development Agreement.
b.	b. — Renewal or extension of the term	<del>5</del> Not applicable	<del>After all Shops have been developed, we will negotiate in good faith another</del> There is no renewal of the Multi-Unit Development Agreement.
c.	c. — Requirements for multi-unit developerfranchisee to renew or extend	Not applicable	<del>There is no renewal of the Multi-Unit Development Agreement.</del> Not applicable
d.	d. — Termination by multi-unit developerfranchisee	Not applicable	<del>The Agreement does not provide for this, but you may seek to terminate on any grounds available to you at law.</del> There is no option for your termination of the Multi-Unit Development Agreement.
e.	e. — Termination by franchisor without cause	Not applicable	<del>Not applicable</del> We can terminate without cause only if you and we mutually agree, in writing, to terminate.
f.	f. — Termination by franchisor with “cause”	93.2	<del>We can terminate if you commit any one of several listed violations</del> We may terminate your Multi-Unit Development Agreement with cause. Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Shops within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single





		Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Shops in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Shop and/or any other Franchise Agreement between you and us.
g.	g. —“Cause” defined – curable defaults	<u>Not applicable</u> <sup>9</sup> If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Shop before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Shop before a Franchise Agreement for that Shop has been signedNot applicable.
h.	h. —“Cause” defined – non-curable defaults	<u>93.2</u> Failure to meet your Minimum Performance Schedule; failure to comply with applicable laws; if all of your Shops stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your Principals of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Shops within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Shops in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Shop and/or any other Franchise Agreement with us.



i.	<del>i. — Multi-unit developer's</del> Franchisee's obligations on termination/non-renewal	10Not applicable	You must stop selecting sites for Shops, and you may not open any more Shops. You lose all rights under the Multi-Unit Development Agreement. There are no renewal rights respecting the Multi-Unit Development Agreement.
j.	<del>j. — Assignment of the</del> contract by franchisor	116	There are no restrictions on our right to assign. <del>No restriction on our right to assign.</del> However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Development Agreement.
k.	<del>k. — "Transfer" by multi-unit developer—defined</del> franchisee definition	116	Includes You have no right to transfer of any interest in the Multi-Unit Development Agreement.
l.	<del>l. — Franchisor</del> Franchisor's approval of transfer by multi-unit developer franchisee	116	We You have theno right to approve all transfers; our consent not to be unreasonably withheldtransfer the Multi-Unit Development Agreement.
m.	<del>m. — Conditions for franchisor</del> franchisor's approval of transfer	116	Conditions for transfer include not being in default, at least 25% of all Shops required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Developers, execution of a general release, payment of transfer fee, buyer personally guarantees all obligations. You have no right to transfer the Multi-Unit Development Agreement.
n.	<del>n. — Franchisor's right of first refusal to acquire multi-unit developer's</del> franchisee's business	11Not applicable	We have the right to match the offerNot applicable.
o.	<del>o. — Franchisor's option to purchase multi-unit developer's</del> franchisee's business	Not applicable	Not applicable.
p.	<del>11. — Upon your death or permanent disability (if you are a natural person) or upon the death or permanent disability of any Principal, distributee must be approved by us, or</del>	Not applicable	Not applicable.

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disability of multi-unit development		development rights must be transferred to someone approved by us within 12 months after death or within six months after notice of permanent disabilityDeath or disability of franchisee		
d.	q. — Non-competition covenants during the term of the franchise	42Not applicable	You are prohibited from operating or having an interest in a similar business without our prior written consent, except for Shops operated under Franchise Agreements with usNot applicable as to Multi-Unit Development Agreement. However, each Shop developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.	
e.	r. — Non-competition covenants after the franchise is terminated or expires	42Not applicable	No competing business for two years and within 25 miles of any Shop in the SystemNot applicable as to Multi-Unit Development Agreement. However, each Shop developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.	
s.	s. — Modification of the agreement	485.3, 7.11	Multi-Unit Development Agreement may not be modified unless mutually agreed to in writingOnly by written agreement between you and us or if governing law requires a modification. We can change the form of the Franchise Agreement for future Shops which will not alter your obligations under the Multi-Unit Development Agreement.	

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<u>t.</u>	<del>t.</del> ——— Integration/merger clause	<del>187.12</del>	<del>Only the terms of the</del> The Multi-Unit Development Agreement <del>is the entire agreement between you and other related written agreements are binding (subject to applicable state law). Any the development of the Exclusive Territory. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations or promises outside of the disclosure document made in the Franchise Disclosure Document, its exhibits and Multi-Unit Development Agreement may not be enforceable amendments.</del>
<u>u.</u>	<del>u.</del> ——— Dispute resolution by arbitration or mediation	<del>497.5, 7.6</del>	<del>Arbitration within the county where we maintain our headquarters (currently</del> Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Monmouth County, New Jersey); <del>and, if mediation is unsuccessful, then to binding arbitration in Monmouth County, New Jersey. This provision is subject to applicable state and federal law.</del>
<u>v.</u>	<del>v.</del> ——— Choice of forum	<del>497.5, 7.6</del>	<del>The county</del> All mediation, arbitration and state where we maintain our headquarters (currently, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Monmouth County, New Jersey); <del>or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state and federal law.</del>
<u>w.</u>	<del>w.</del> ——— Choice of law	<del>497.5, 7.6</del>	<del>The state where we maintain our headquarters (currently New Jersey); law will govern. However, this provision is subject to applicable state law and federal law as otherwise disclosed in Exhibit I to this Disclosure Document.</del>

# ITEM 18 PUBLIC FIGURES

We do not currently ~~do not~~ use any public figure to promote our franchise, ~~but we have the right to do so.~~ No public figure is currently involved in ~~the future~~ our management.

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## 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) 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.

### DEFINITIONS

#### Definitions

- (a) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (b) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.
- (c) Company Owned Outlet – means a Playa Bowls Shop owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.
- (d) Franchise Outlet – refers to a Playa Bowls Shop operated under a Franchise Agreement that is not a Company Owned Outlet.
- (e) Gross Sales – means the total revenue derived by each Playa Bowls Shop less sales tax, discounts, allowances and returns.
- (f) Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them, together, and dividing by two.
- (g) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet (see definition below). If this Company Owned Outlet remained in operation throughout the 2022 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2022 Calendar Year.
- (h) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Franchise Outlet would qualify as



a New Franchise Outlet and not as an Operational Franchise Outlet (see definition below). If this Franchise Outlet remained in operation throughout the 2022 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2022 Calendar Year.

(i) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the first day of the Calendar Year and for the entire Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet (see definition above) and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2022 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2022 Calendar Year. Company Owned Outlets that operate as a food truck are not included as Operational Company Owned Outlets.

(j) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the first day of the Calendar Year and for the entire Calendar Year. For example, if a Franchise Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet (see definition above) and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2022 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2022 Calendar Year. Franchise Outlets that operate as a food truck are not included as Operational Franchise Outlets.

(k) Order – Refers to each distinct sales transaction resulting in the reporting of Gross Sales.

(l) Outlet – refers to a Playa Bowls Shop that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

(m) Quartile – refers to the relative performance of the Operational Outlets as compared to one another with the “1<sup>st</sup> Quartile” referring to the top 25% performing Operational Outlets and the 4<sup>th</sup> Quartile referring to the bottom 25% performing Operational Outlets.

(n) Seasonal Outlet – means an Outlet that operates from a shop location or designated market that is seasonal in nature and based on the location or market operates on a seasonal basis and is not open for ordinary and regular business hours throughout the entire Calendar Year.

(o) Traditional Outlet – means an Outlet that is not a Seasonal Outlet.

#### **BASES AND ASSUMPTIONS**

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Franchise Outlets is based on information reported to us by our franchisees. Data for our Company Owned Outlets is based on information reported to us by our affiliate. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

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### **ANALYSIS OF RESULTS OF COMPANY OWNED OUTLETS**

During the ~~2023~~2022 Calendar ~~year~~Year we had a total of ~~2627~~ Company Owned Outlets that qualify as Operational Company Owned Outlets. Of these ~~27~~ Operational Company Owned Outlets, ~~2324~~ qualify as Traditional Outlets and three qualify as Seasonal Outlets. We do not include data in these tables for New Company Owned Outlets.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlets operate; and (c) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as royalties and national advertising fund fee.

Table 1

<b>Gross Sales By Quartiles<sup>1</sup></b>					
Operational Company Owned Outlets—Traditional Outlets					
2022 Calendar Year					
<b>Quartile</b>	<b>Average</b>	<b>Number &amp; Percentage of Outlets Above Average</b>	<b>Median</b>	<b>Low</b>	<b>High</b>
1 <sup>st</sup> Quartile	\$1,698,150	2 / 5 (40%)	\$1,681,116	\$1,372,517	\$2,264,644
2 <sup>nd</sup> Quartile	\$1,250,904	3 / 6 (50%)	\$1,251,268	\$1,211,915	\$1,322,992
3 <sup>rd</sup> Quartile	\$1,091,228	3 / 6 (50%)	\$1,094,806	\$996,723	\$1,159,007
4 <sup>th</sup> Quartile	\$749,679	2 / 6 (33%)	\$732,769	\$593,554	\$908,240
Total <sup>2</sup>	\$1,175,722	11 / 23 (48%)	\$1,159,007	\$593,554	\$2,264,644
<sup>1</sup> <u>Data Overview:</u> For 2022, the data compiled in this Table 1 is based on a total of 23 <u>Gross Sales By Quartiles<sup>1</sup></u> Operational Company Owned Outlets that qualify as Traditional Outlets. We do not include in this table the performance of New Company Owned Outlets that opened and commenced operations during 2022.					
<sup>2</sup> <u>2023 Calendar Year Total:</u> As to average and median, represents cumulative average and median, respectively, of Outlets within data set.					



Table 2

<b>Gross Sales<sup>†</sup></b> Operational Company-Owned Outlets—Seasonal Outlets 2022 Calendar Year	
	<b>Gross Sales</b>
Seasonal Outlet 1	\$803,225
Seasonal Outlet 2	\$385,870
Seasonal Outlet 3	\$349,455
Average	\$512,850
<sup>†</sup> <b>Data Overview:</b> For 2022, the data compiled in this Table 2 is based on a total of three Operational Company-Owned Outlets that qualify as Seasonal Outlets. We do not include in this table the performance of New Company-Owned Outlets that opened and commenced operations during 2022. Since there were only three Seasonal Outlets, data is provided on a per-Outlet basis.	

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### ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2022 Calendar Year we had a total of 98 Franchise Outlets that qualify as Operational Franchise Outlets. Of these 98 Operational Franchise Outlets, 86 qualify as Traditional Outlets and 12 qualify as Seasonal Outlets.

We do not include data in these tables for New Franchise Outlets.

Table 3

<b>Gross Sales By Quartiles</b> Operational Franchise Outlets—Traditional Outlets 2022 Calendar Year					
Quartile	Average	Number & Percentage of Outlets Above Average	Median	Low	High
1 <sup>st</sup> Quartile	\$1,751,654,848,834	2 / 6 (29(33%))	\$1,662,389,692,692	\$1,435,540,478,592	\$2,455,089,626,229
2 <sup>nd</sup> Quartile	\$1,259,089,330,571	11 / 22 (50(2 / 6 (33%))	\$1,265,614,311,977	\$1,128,686,241,597	\$1,409,704,468,644
3 <sup>rd</sup> Quartile	\$1,047,464,101,166	12 / 22 (55(2 / 6 (33%))	\$1,051,823,097,392	\$979,580,102,072	\$1,123,267,172,038
4 <sup>th</sup> Quartile	\$722,097,756,718	11 / 21 (52(3 / 6 (50%))	\$763,044,755,543	\$355,919,625,703	\$938,240,962,398
Total <sup>2</sup>	\$1,194,103,259,322	37 / 86 (43(10 / 24 (42%))	\$1,125,976,206,818	\$355,919,625,703	\$2,455,089,626,229

<sup>1</sup> Data Overview: For 20222023, the data compiled in this Table 31 is based on a total of 8624 Operational FranchiseCompany Owned Outlets that qualify as Traditional Outlets. We do not include in this table the performance of New FranchiseCompany Owned Outlets that opened and commenced operations during 2022the 2023 Calendar Year.

<sup>2</sup> Total: As to averageAverage and medianMedian, represents cumulative average and median, respectively, of Outlets within data set.

Table 2

<b>Gross Sales<sup>1</sup></b> Operational Company Owned Outlets – Seasonal Outlets 2023 Calendar Year	
	Gross Sales
Seasonal Outlet 1	\$713,074
Seasonal Outlet 2	\$420,200
Seasonal Outlet 3	\$317,813
Average	\$483,696



<sup>1</sup> Data Overview: For 2023, the data compiled in this Table 2 is based on a total of three Operational Company Owned Outlets that qualify as Seasonal Outlets. We do not include in this table the performance of New Company Owned Outlets that opened and commenced operations during the 2023 Calendar Year. Since there were only three Seasonal Outlets, data is provided on a per Outlet basis.

### ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2023 Calendar Year we had a total of 119 Franchise Outlets that qualify as Operational Franchise Outlets. Of these 119 Operational Franchise Outlets, 104 qualify as Traditional Outlets and 15 qualify as Seasonal Outlets. We do not include data in these tables for New Franchise Outlets.

Table 3

<b>Gross Sales By Quartiles</b> Operational Franchise Outlets – Traditional Outlets 2023 Calendar Year					
<u>Quartile</u>	<u>Average</u>	<u>Number &amp; Percentage of Outlets Above Average</u>	<u>Median</u>	<u>Low</u>	<u>High</u>
1 <sup>st</sup> Quartile	\$1,989,747	9 / 26 (35%)	\$1,924,604	\$1,638,403	\$3,030,546
2 <sup>nd</sup> Quartile	\$1,436,008	12 / 26 (46%)	\$1,410,563	\$1,282,827	\$1,617,812
3 <sup>rd</sup> Quartile	\$1,180,436	13 / 26 (50%)	\$1,179,034	\$1,099,813	\$1,280,330
4 <sup>th</sup> Quartile	\$897,924	14 / 26 (54%)	\$951,028	\$602,244	\$1,088,493
Total <sup>2</sup>	\$1,376,029	42 / 104 (40%)	\$1,281,578	\$602,244	\$3,030,546

<sup>1</sup> Data Overview: For 2023, the data compiled in this Table 3 is based on a total of 104 Operational Franchise Outlets that qualify as Traditional Outlets. We do not include in this table the performance of New Franchise Outlets that opened and commenced operations during the 2023 Calendar Year.

<sup>2</sup> Total: As to Average and Median, represents cumulative average and median, respectively, of Outlets within data set.

Table 4

<b>Gross Sales By Quartiles</b> Operational Franchise Outlets – Seasonal Outlets 2022/2023 Calendar Year					
<u>Quartile</u>	<u>Average</u>	<u>Number &amp; Percentage of Outlets Above Average</u>	<u>Median</u>	<u>Low</u>	<u>High</u>
1 <sup>st</sup> Quartile	\$709,659,046	1 / 3 (33.3%) (25%)	\$678,713,699,563	\$642,247,586,380	\$808,017,850,676
2 <sup>nd</sup> Quartile	\$506,972,520,076	1 / 3 (33.3%) (50%)	\$498,318,520,257	\$496,405,469,659	\$526,193,570,130
3 <sup>rd</sup> Quartile	\$446,341,425,609	1 / 3 (33.3%) (50%)	\$443,707,425,162	\$440,762,407,546	\$454,554,444,567
4 <sup>th</sup> Quartile	\$402,591,328,065	2 / 3 (66.7%)	\$407,213,349,474	\$386,366,250,908	\$414,194,383,813
Total <sup>2</sup>	\$516,391,506,874	4 / 12 (33.3%) (40%)	\$475,479,469,659	\$386,366,250,908	\$808,017,850,676



<sup>1</sup> Data Overview: For ~~2022~~2023, the data compiled in this Table 4 is based on a total of ~~1215~~ Operational Franchise Outlets that qualify as Seasonal Outlets. We do not include in this table the performance of New Franchise Outlets that opened and commenced operations during ~~2022~~the 2023 Calendar Year.

<sup>2</sup> Total: As to ~~average~~Average and ~~median~~Median, represents cumulative average and median, respectively, of Outlets within data set.

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### **DISCLAIMER**

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

~~Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.~~

Other than the preceding financial performance ~~representations, we do~~representation, Playa Bowls Franchisor LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by ~~Gary Moss, Chief Development Officer~~contacting Dan Harmon, Playa Bowls Franchisor, LLC at 803 Ocean Avenue, Belmar, New Jersey 07719 and (732) 257-8604, the Federal Trade Commission, and the appropriate state regulatory agencies.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

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**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table NoTABLE NO. 1  
Systemwide Outlet Summary  
For years 2020,SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2021, 2022 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2021</del> 2020	<del>56</del> 71	<del>74</del> 102	<del>+15</del> 31
	<del>2021</del> 2022	<del>74</del> 102	<del>102</del> 136	<del>+34</del> 34
	<del>2022</del> 2023	<del>102</del> 136	<del>136</del> 188	<del>+34</del> 52
Company Owned	<del>2021</del> 2020	<del>20</del> 25	<del>25</del> 26	<del>+5</del> 1
	<del>2021</del> 2022	<del>25</del> 26	<del>26</del> 27	<del>+1</del>
	<del>2022</del> 2023	<del>26</del> 27	<del>27</del> 28	<del>+1</del>
Total Outlets	<del>2021</del> 2020	<del>76</del> 96	<del>96</del> 128	<del>+20</del> 32
	<del>2021</del> 2022	<del>96</del> 128	<del>128</del> 163	<del>+32</del> 35
	<del>2022</del> 2023	<del>128</del> 163	<del>163</del> 216	<del>+35</del> 53

**Table NoTABLE NO. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2020,TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR YEARS 2021, 2022 to 2023**

State	Year	Number of Transfers
Florida	<del>2021</del> 2020	<del>0</del> 1
	<del>2022</del>	<del>0</del>
	<del>2023</del>	<del>0</del>
<del>Georgia</del>	2021	<del>1</del> 0
	2022	<del>0</del>
	<del>2023</del>	<del>1</del>
New Jersey	<del>2021</del> 2020	<del>0</del> 1
	<del>2021</del>	<del>1</del>
	2022	<del>0</del>



<u>Total</u>	<u>2020</u> <u>2023</u>	<u>0</u> <u>1</u>
<u>Total</u>	2021	2
	2022	0
	<u>2023</u>	<u>2</u>

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**Table No**

**TABLE NO. 3**  
**Status of Franchised Outlets****STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS**  
**For years 2020, 2021, 2022 to 2023**

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations for Other Reasons</u>	<u>Outlets at End of Year</u>
<u>Arizona</u>	<u>2021</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Colorado</u>	<u>2021</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2023</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>Connecticut</u>	<u>2021</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2022</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2023</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<u>Delaware</u>	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2023</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>Florida</u>	<u>2021</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2023</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14</u>
	<u>2021</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>



<u>Georgia</u>	<u>2022</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2023</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>Kentucky</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Louisiana</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Maryland</u>	<u>2021</u>	<u>3</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	<u>2022</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
	<u>2023</u>	<u>9</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
<u>Massachusetts</u>	<u>2021</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2022</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2023</u>	<u>6</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
<u>Michigan</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2023</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<u>New Hampshire</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>New Jersey</u>	<u>2021</u>	<u>34</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41</u>
	<u>2022</u>	<u>41</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>43</u>
	<u>2023</u>	<u>43</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>
<u>New York</u>	<u>2021</u>	<u>7</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
	<u>2022</u>	<u>12</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>
	<u>2023</u>	<u>22</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32</u>
<u>North Carolina</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Ohio</u>	<u>2021</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>Pennsylvania</u>	<u>2021</u>	<u>11</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14</u>
	<u>2022</u>	<u>14</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>14</u>
	<u>2023</u>	<u>14</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>18</u>
<u>South Carolina</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Texas</u>	<u>2021</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>



	<u>2023</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Virginia</u>	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Washington, D.C.</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Totals</u>	<u>2021</u>	<u>71</u>	<u>31</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>102</u>
	<u>2022</u>	<u>102</u>	<u>36</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>136</u>
	<u>2023</u>	<u>136</u>	<u>53</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>188</u>

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**TABLE NO. 4**  
**STATUS OF COMPANY OWNED OUTLETS**  
**FOR YEARS 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2021	3	0	0	0	0	3
	2022	3	1	0	0	0	4
	2023	4	1	0	0	0	5
New Jersey	2021	20	1	0	0	0	21
	2022	21	0	1	0	0	22
	2023	22	0	0	0	0	22
North Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Puerto Rico	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
Totals	2021	25	1	0	0	0	26
	2022	26	1	1	1	0	27
	2023	27	1	0	0	0	28

**TABLE NO. 5**  
**PROJECTED OPENINGS**  
**AS OF DECEMBER 31, 2023**

State	Year Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlets at Start of the Next	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Projected New Company Owned Outlets at End of the Next Fiscal Year
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Louisiana	20	0	3	0	0	0	0	3	0
Maryland	2022	5	3	4	0	0	0	0	7
Massachusetts	2020	8	25	0	0	0	0	0	2
	20	2	1	0	0	0	0	3	
	2022	3	1	0	0	0	0	4	
KY	20	0	0	0	0	0	0	0	
	2022	0	0	0	0	0	0	0	
Michigan	20	0	1	0	0	0	0	1	0
LA	20	1	0	0	0	0	0	1	
	2022	1	0	0	0	0	0	1	
New Hampshire	2022	1	10	0	0	0	0	0	2
MDNew Jersey	2020	10	27	10	0	0	0	0	3
New York	2021	12	37	50	0	0	0	0	8

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MA	2 0 2 0	2	1	0	0	0	0	3
	2 0 2 1	3	1	0	0	0	0	4
North Carolina		20226		4		2	0	0 0 0 6
MI	2 0 2 0	0	0	0	0	0	0	0
	2 0 2 1	0	0	0	0	0	0	0
Ohi o	2 0 2 2	0	4	0	0	0	0	4 0
NHPennsylv ania			202011			05	10	0 0 0 0 1
Rhode Island			20213			1	0	0 0 0 0 1
Sout h Car olin a	2 0 2 2	1	2			01	0	0 0 3
NJTennessee		20203	2 7	0	0	0	2	0 34
	2 0 2 1	34	7	0	0	0	0	41
Texas		20223		41		3	0	0 1 0 43
NYVirginia			20206			53	20	0 0 0 0 7

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	2 0 2 +	7	5	0	0	0	0	12					
	2 0 2 2	12	10	0	0	0	0	22					
OH	2 0 2 0	0	0	0	0	0	0	0					
	2 0 2 +	0	+	0	0	0	0	+					
Washington, D.C.		2022			1		10	0	0	0	0	2	
PATotals		2020124			775		40	0	0	0	0	+	+
	2 0 2 +	11	3	0	0	0	0	14					
	2 0 2 2	14	+	0	0	0	+	14					
SC	2 0 2 0	+	0	0	0	0	0	+					
	2 0 2 +	+	0	0	0	0	0	+					
	2 0 2 2	+	+	0	0	0	0	2					
TX	2 0 2 0	0	0	0	0	0	0	0					

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	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
VA	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total	2020	56	20	0	0	5	0	71
	2021	71	31	0	0	0	0	102
	2022	102	36	0	0	1	1	136

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2020, 2021, 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2020	0	0	3	0	0	3
	2021	3	0	0	0	0	3



State	Year	Outlets-at Start-of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets-Sold to-Franchisee	Outlets-at End-of-the Year
	2022	3	1	0	0	0	4
New Jersey	2020	18	0	2	0	0	20
	2021	20	1	0	0	0	21
	2022	21	0	1	0	0	22
New York	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
North Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Puerto Rico	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
Total	2020	20	0	5	0	0	25
	2021	25	1	0	0	0	26
	2022	26	1	1	1	0	27

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**Table No. 5**  
**Projected Openings as of December 31, 2022**

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	3	1	0
Arizona	2	1	0
Colorado	1	1	0
Connecticut	1	2	0
Delaware	1	1	0
Florida	14	8	2
Georgia	0	3	0
Illinois	1	0	0



States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Kentucky	2	2	0
Louisiana	2	2	0
Maryland	6	4	0
Massachusetts	5	6	0
Michigan	3	2	0
New Hampshire	4	3	0
New Jersey	6	5	0
New York	20	9	0
North Carolina	4	3	0
Ohio	4	2	0
Pennsylvania	3	2	0
South Carolina	1	0	0
Texas	1	1	0
Virginia	3	0	0
Washington, D.C.	1	2	0
Total	88	60	2

Notes to Tables:

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

~~A list of the names of all franchisees and multi-unit developers and the addresses and telephone numbers of their franchises will be provided in Exhibit D to this disclosure document when applicable.~~

~~The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a franchise~~During the last three fiscal years franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

~~Exhibit G to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.~~

~~Exhibit H to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicableour Franchise Agreement during theour most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance-dateIssuance Date of this disclosure document will be listed on Exhibit D to this disclosure document when applicable~~Disclosure Document.





~~During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Playa Bowls System.~~

~~There are no trademark-specific organizations formed by our franchisees that are associated with the Playa Bowls System.~~

## ITEM 21 FINANCIAL STATEMENTS

Our parent company PB Group Holdings, LLC was established on June 22, 2021, ~~and the fiscal year ends on December 31.~~ Attached to this Disclosure Document as Exhibit ~~A is PB Group Holdings, LLC's D~~ are the audited financial statements for ~~the year~~our Parent Company PB Group Holdings, LLC, as of and ~~for the years~~ ended December 31, 2023, and December 31, 2022, ~~and the audited financial statements for the periods~~period from July 28, 2021, to December 31, 2021, and ~~the audited financial statements of the~~ Parent Company's predecessor for the period from January 1, 2021 to July 27, 2021. ~~Our fiscal year and the fiscal year of PB Group Holdings, LLC ends on December 31.~~

PB Group Holdings, LLC guarantees to assume the duties and obligations of Playa Bowls Franchisor, LLC under the Franchise Agreement and Multi-Unit Development Agreement. A copy of the Guarantee of Performance is attached to this Disclosure Document in Exhibit ~~AD~~, following the financial statements.

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## ITEM 22 CONTRACTS

Attached ~~as to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document~~ are copies of the following franchise and other contracts and their attachments/agreements in use or proposed for use:

1. ~~Franchise Agreement~~ Exhibits to this Disclosure Document  
Exhibit ~~BE~~ Franchise Agreement  
~~2. Exhibit F~~ Multi-Unit Development Agreement ~~Exhibit C~~  
~~Exhibit I~~ State Specific Addenda

### Schedules and Exhibits to the Franchise Agreement

- Schedule 1 Shop Location and Designated Territory Acknowledgment  
Schedule 2 Statement of Franchise Owners  
Exhibit 1 Owner and Spouse Agreement and Guaranty  
Exhibit 2 Confidentiality Agreement  
Exhibit 3 Site Selection Acknowledgment  
Exhibit 4 Lease Agreement Rider  
Exhibit 5 Collateral Assignment of Lease  
Exhibit 6 Assignment of Telephone Numbers and Digital Media Accounts  
Exhibit 7 ACH Authorization Form of  
Exhibit 8 General Release ~~Exhibit H~~  
Exhibit 9 Food Truck Addendum

### Schedules and Exhibits to the Multi-Unit Development Agreement

- Schedule A Development Information Sheet

Individual state law may supersede the provisions contained in your Franchise Agreement and, if applicable, your Multi-Unit Development Agreement respecting the requirement that you execute a general release as a condition to assignment, sale, or transfer. See, the state specific addendums contained in Exhibit I of this Disclosure Document.

## ITEM 23 RECEIPTS

Two copies of ~~an acknowledgment of your a detachable receipt of in Exhibit K~~ are located at the very end of this Disclosure Document ~~appear at the end of the Disclosure Document.~~ Please ~~return~~ sign one signed copy of the receipt and return it to us ~~and retain at the other~~ following address Dan Harmon, Playa Bowls Franchisor LLC, 803 Ocean Avenue, Belmar, New Jersey 07719. The duplicate is for your records.

[THE DISCLOSURE -DOCUMENT ENDS HERE]



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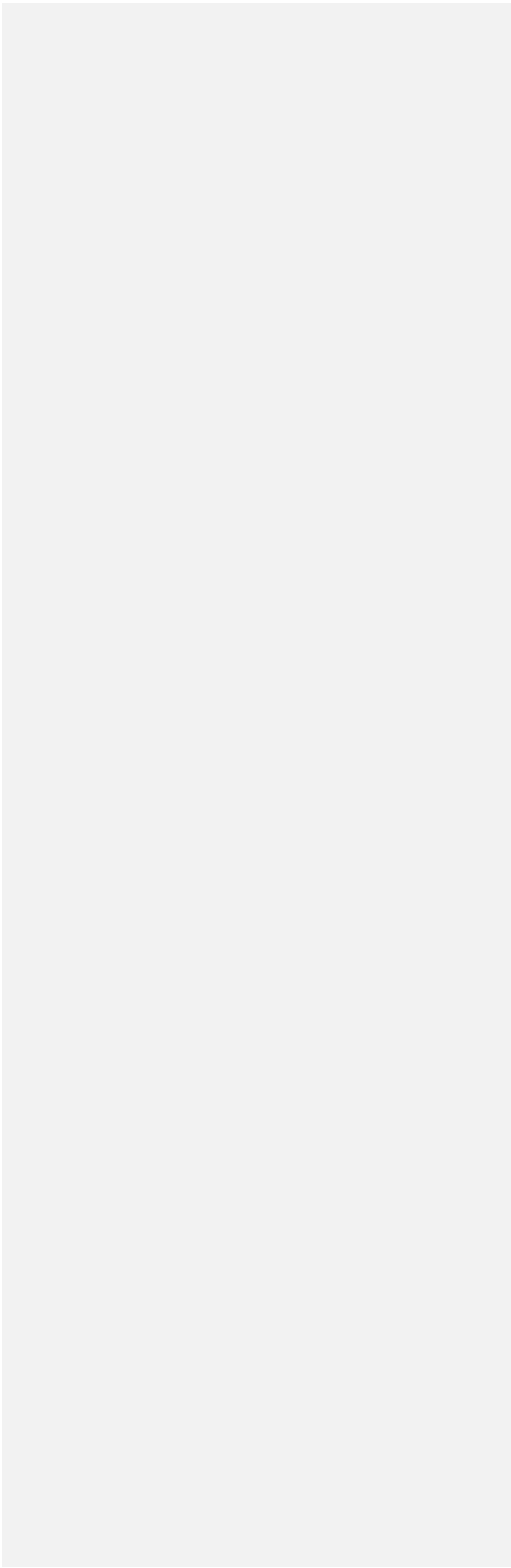
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Playa Bowls FDD April ~~28, 2023~~ 28, 2024





**ExhibitFRANCHISE DISCLOSURE DOCUMENT**  
**EXHIBIT A to the**  
**Playa Bowls Franchise Disclosure Document**

**FINANCIAL STATEMENTS**  
**STATE**  
**ADMINISTRATORS**

List of State Administrators

### **California**

Department of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013

2101 Arena Boulevard  
Sacramento, CA 95834  
866-275-2677

### **Connecticut**

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, CT 06103

### **Florida**

Division of Consumer Services  
Attn: Business Opportunities  
2005 Apalachee Parkway  
Tallahassee, FL 32399

### **Hawaii**

Commissioner of Securities  
Department of Commerce & Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813

### **Illinois**

Office of the Attorney General  
Franchise Bureau



500 South Second Street

Springfield, IL 62706

### **Indiana**

Indiana Secretary of State  
Indiana Securities Division  
Franchise Section  
302 W. Washington Street, Room E-111  
Indianapolis, IN 46204

### **Kentucky**

Office of the Attorney General

### **Exhibit B to Maine**

Department of Professional and Financial  
Regulations  
Bureau of Banking  
Securities Division  
121 Statehouse Station  
Augusta, ME 04333

### **Maryland**

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202

### **Michigan**

Michigan Department of the Attorney General  
Consumer Protection Division**Playa Bowls**  
Antitrust and Franchise **Disclosure**  
**Document Unit**  
670 Law Building  
P.O. Box 30213  
Lansing, MI 48909

### **Minnesota**

Minnesota Department of Commerce  
Securities Division  
85 7th Place East, Suite 280  
St. Paul, MN 55101

### **Nebraska**

Nebraska Department of Banking and Finance  
Commerce Court  
1230 O Street, Suite 400  
Lincoln, NE 68509

### **New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
212-416-8222

### **North Carolina**

Secretary of State  
Securities Division

**FRANCHISE AGREEMENT**300 North  
Salisbury Street, Suite 100  
Raleigh, NC 27603

Consumer Protection Division  
Attn: Business Opportunity  
1024 Capital Center Drive  
Frankfort, KY 40601

List of State Administrators (continued)

---

**North Dakota**

Securities Department  
600 East Boulevard Avenue, State Capitol  
Fourteenth Floor, Department 414  
Bismarck, ND 58505  
701-328-4712

**Rhode Island**

Department of Business Registration  
Division of Securities  
233 Richmond Street, Suite 232  
Providence, RI 02903

**South Carolina**

Office of the Secretary of State  
1205 Pendleton Street  
Edgar Brown Building, Suite 525  
Columbia, SC 29201

**South Dakota**

Franchise Office  
Division of Securities  
910 E. Sioux Avenue  
Pierre, SD 57501

**Texas**

Office of the Secretary of State  
Statutory Document Section  
1019 Brazos Street  
Austin, TX 78701

**Utah**

Utah Department of Commerce  
Division of Consumer Protection  
160 East Three Hundred South  
P.O. Box 146704  
Salt Lake City, UT 84114

**Virginia**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 E. Main Street, 9th Floor  
Richmond, VA 23219

**Washington**

Department of Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, WA 98507  
(360) 902-8700

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**Wisconsin**

Franchise Office  
Wisconsin Securities Commission  
P.O. Box 1768  
Madison, WI 53701







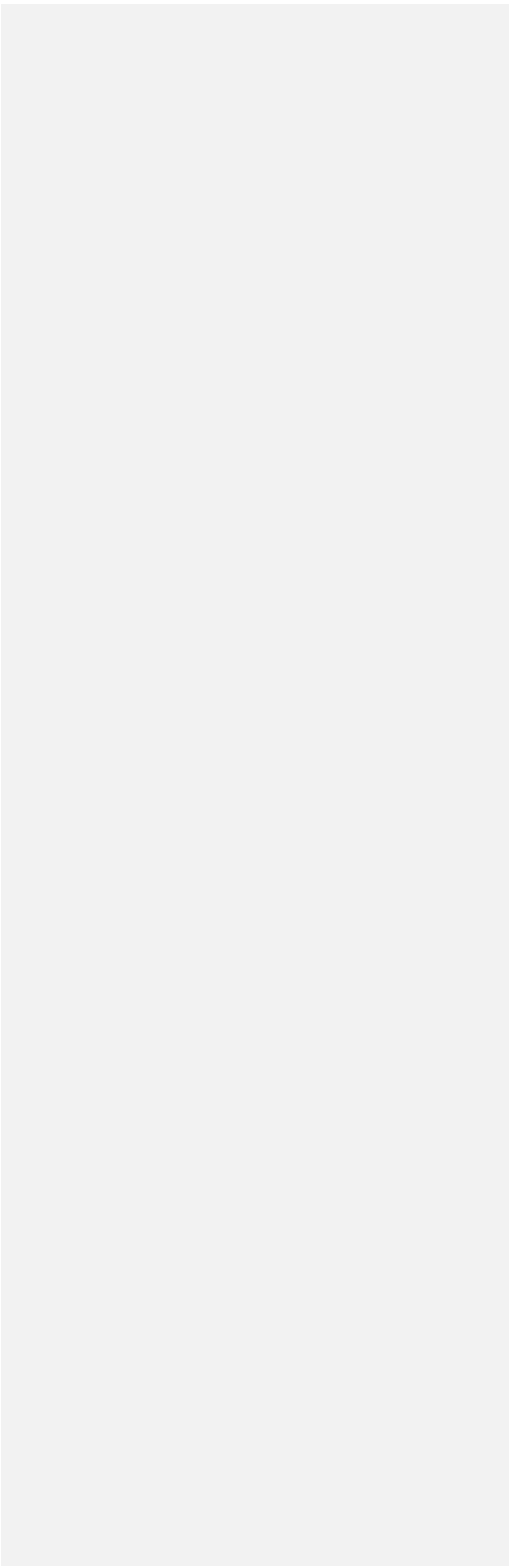
FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT B**  
AGENTS FOR SERVICE OF PROCESS

Agents for Service of Process



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**PLAYA BOWLS FRANCHISOR**  
Playa Bowls Franchisor LLC

**FRANCHISE AGREEMENT**

\_\_\_\_\_  
\_\_\_\_\_  
**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_  
**DATE OF AGREEMENT**



803 Ocean Avenue, Belmar, New Jersey 07719  
Attn: Dan Harmon, CEO

---

**California**

Department of Financial Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013

2101 Arena Boulevard  
Sacramento, CA 95834  
866-275-2677

**Connecticut**

Banking Commissioner  
Department of Banking  
Securities and Business Investment Division  
260 Constitution Plaza  
Hartford, CT 06103

**Hawaii**

Commissioner of Securities  
Department of Commerce & Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813

**Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

**Maryland**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202

**Michigan**

Michigan Department of Commerce  
Corporation and Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48910

**Minnesota**

Commissioner of Commerce of Minnesota  
Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101

---

**New York**

Secretary of the State of New York  
99 Washington Avenue  
Albany, NY 12231

**North Dakota**

North Dakota Securities Department  
Securities Commissioner  
600 East Boulevard Avenue, State Capitol  
Fifth Floor, Department 414  
Bismarck, ND 58505  
701-328-4712

**Rhode Island**

Director of Department of Business Regulation  
233 Richmond Street, Suite 232  
Providence, RI 02903

**South Dakota**

Director, Division of Securities  
Department of Commerce and Regulation  
445 East Capitol Avenue  
Pierre, SD 57501

**Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219

**Washington**

Securities Administrator  
Washington Department of Financial  
Institutions  
150 Israel Road SW  
Tumwater, WA 98501

**Wisconsin**

Wisconsin Commissioner of Securities  
345 W Washington Avenue  
Madison, WI 53703



FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT C**  
OPERATIONS MANUAL TABLE OF CONTENTS



FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT D**  
FINANCIAL STATEMENTS



Tel: 206-382-7777  
Fax: 206-382-7700  
www.bdo.com

Two Union Square, 601 Union Street  
Suite 2300  
Seattle, WA 98101

BDO USA, P.C. consents to the use in the Franchise Disclosure Document issued by Playa Bowls Franchisor, LLC (the "Franchisor") on April 8, 2024, as it may be amended, of our report dated April 4, 2024, relating to our audits of the consolidated financial statements of PB Group Holdings, LLC as of December 31, 2023 and 2022, and for the years then ended. We also consent to the use of our report dated April 28, 2023, related to our audits of the consolidated financial statements of PB Group Holdings, LLC (Successor) as of December 31, 2022 and 2021, for the year ended December 31, 2022 and for the period from July 28, 2021 to December 31, 2021 and the combined financial statements of Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC (collectively, the Predecessor) for the period from January 1, 2021 to July 27, 2021.

*BDO USA, P.C.*  
Seattle, Washington  
April 8, 2024

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

## **PB Group Holdings, LLC**

**Consolidated Financial Statements**  
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.





## **PB Group Holdings, LLC**

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Consolidated Financial Statements  
Years Ended December 31, 2023 and 2022

# PB Group Holdings, LLC

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Consolidated Statements of Changes in Members' Equity for the Years Ended December 31, 2023 and 2022	8
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Tel: 206-382-7777  
Fax: 206-382-7700  
www.bdo.com

Two Union Square  
601 Union Street, Suite 2300  
Seattle, WA 98101

## **Independent Auditor's Report**

Board of Directors  
PB Group Holdings, LLC  
Belmar, New Jersey

### ***Opinion***

We have audited the consolidated financial statements of PB Group Holdings, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

*BDO USA, P.C.*

April 4, 2024

## Consolidated Financial Statements

---

**PB Group Holdings, LLC**  
**Consolidated Balance Sheets**

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,249,211	\$ 7,237,273
Accounts receivable	1,498,282	883,389
Employee retention credits receivable	45,644	3,404,315
Franchise fee receivables	1,084,124	725,749
Inventories	328,799	260,653
Prepaid expenses and other current assets	1,092,321	630,766
<b>Total Current Assets</b>	<b>12,298,381</b>	<b>13,142,145</b>
<b>Property and Equipment, Net</b>	<b>4,713,632</b>	<b>4,418,853</b>
<b>Other Assets</b>		
Goodwill, net	11,134,330	12,598,831
Intangible assets, net	38,020,481	42,098,488
Right-of-use assets	7,049,681	7,863,921
<b>Total Other Assets</b>	<b>56,204,492</b>	<b>62,561,240</b>
<b>Total Assets</b>	<b>\$ 73,216,505</b>	<b>\$ 80,122,238</b>
<b>Liabilities and Members' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 245,974	\$ 491,725
Other liabilities	570,590	1,519,762
Gift card liability	1,535,447	829,889
Accrued expenses	1,560,280	674,141
Current portion of long-term debt	1,312,500	850,000
Deferred revenue, current portion	3,750,080	2,570,000
Operating lease liabilities, current portion	1,423,714	1,335,087
<b>Total Current Liabilities</b>	<b>10,398,585</b>	<b>8,270,604</b>
<b>Long-Term Liabilities</b>		
Long-term debt, net of current portion and deferred financing fee	21,460,996	22,083,801
Operating lease liabilities, net of current portion	5,807,520	6,794,497
Deferred revenue, net of current portion	698,718	449,545
<b>Total Long-Term Liabilities</b>	<b>27,967,234</b>	<b>29,327,843</b>
<b>Total Liabilities</b>	<b>38,365,819</b>	<b>37,598,447</b>
<b>Members' Equity</b>		
Equity attributable to PB Group Holdings, LLC	34,076,971	41,585,140
Equity attributable to noncontrolling interest	773,715	938,651
<b>Total Members' Equity</b>	<b>34,850,686</b>	<b>42,523,791</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 73,216,505</b>	<b>\$ 80,122,238</b>

*See accompanying notes to consolidated financial statements.*

**PB Group Holdings, LLC**  
**Consolidated Statements of Operations**

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Restaurant sales, net	\$ 31,097,631	\$ 27,976,700
Franchise royalties and initial franchise fees	12,564,119	8,172,654
Brand development fees	1,436,461	855,382
<b>Total Net Revenue</b>	<b>45,098,211</b>	<b>37,004,736</b>
<b>Operating Expenses</b>		
Cost of goods sold	12,231,412	12,092,345
Labor and benefits	13,684,968	9,760,932
Delivery and selling expenses	1,878,532	1,634,001
Rent related expenses	2,167,482	1,880,270
Repairs and maintenance	805,291	931,460
Advertising	646,769	911,118
Professional fees	1,130,875	2,866,864
General and administrative expenses	7,502,976	3,718,227
Depreciation and amortization expense	6,448,591	6,637,828
<b>Total Operating Expenses</b>	<b>46,496,896</b>	<b>40,433,045</b>
<b>Loss from Operations</b>	<b>(1,398,685)</b>	<b>(3,428,309)</b>
<b>Other Income (Expenses)</b>		
Other income	2,577,823	1,611,036
Employee retention credits	-	3,588,983
Interest expense	(2,342,598)	(1,549,901)
<b>Total Other Income, Net</b>	<b>235,225</b>	<b>3,650,118</b>
<b>Net Income (Loss)</b>	<b>\$ (1,163,460)</b>	<b>\$ 221,809</b>
<b>Net Income Attributable to Noncontrolling Interest</b>	<b>\$ 743,649</b>	<b>\$ 1,094,388</b>
<b>Net Loss Attributable to PB Group Holdings, LLC</b>	<b>(1,907,109)</b>	<b>(872,579)</b>

*See accompanying notes to consolidated financial statements.*

## PB Group Holdings, LLC

### Consolidated Statements of Changes in Members' Equity

	Equity Attributable to PB Group Holdings, LLC	Equity Attributable to Noncontrolling Interest	Total
<b>Balance, December 31, 2021</b>	\$ 46,261,907	\$ 2,186,323	\$ 48,448,230
Distributions	(2,920,441)	(1,931,764)	(4,852,205)
Purchase of noncontrolling equity interest	(883,747)	(410,296)	(1,294,043)
Net income (loss)	(872,579)	1,094,388	221,809
<b>Balance, December 31, 2022</b>	41,585,140	938,651	42,523,791
Distributions	(5,656,007)	(908,585)	(6,564,592)
Contributions	54,947	-	54,947
Net income (loss)	(1,907,109)	743,649	(1,163,460)
<b>Balance, December 31, 2023</b>	\$ 34,076,971	\$ 773,715	\$ 34,850,686

*See accompanying notes to consolidated financial statements.*



**PB Group Holdings, LLC**  
**Consolidated Statements of Cash Flows**

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ (1,163,460)	\$ 221,809
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,448,591	6,637,828
Noncash operating lease cost	39,153	78,281
Amortization of debt issuance costs	152,195	122,220
Changes in operating assets and liabilities:		
Accounts receivable	(614,893)	(234,648)
Employee retention credits receivable	3,358,671	(3,397,326)
Franchise fee receivables	(358,375)	(382,749)
Inventories	(68,146)	(47,476)
Prepaid expenses and other current assets	(461,555)	(60,844)
Operating lease liability	(123,263)	-
Accounts payable and accrued expenses	640,388	(41,655)
Other liabilities	(949,172)	1,245,017
Gift card liability	705,558	179,864
Deferred revenue	1,429,253	1,447,279
<b>Net Cash Provided by Operating Activities</b>	<b>9,034,945</b>	<b>5,767,600</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(1,200,862)	(789,852)
Business combination account holdback release	-	(201,400)
Purchase of intangible asset	-	(120,000)
<b>Net Cash Used in Investing Activities</b>	<b>(1,200,862)</b>	<b>(1,111,252)</b>
<b>Cash Flows from Financing Activities</b>		
Contributions from PB Group Holdings, LLC	54,947	-
Borrowings of debt	1,000,000	4,000,000
Repayment of debt	(1,312,500)	(520,833)
Purchase of noncontrolling equity interest	-	(1,294,043)
Distributions to PB Group Holdings, LLC	(5,656,007)	(2,920,441)
Distributions to noncontrolling members	(908,585)	(1,931,764)
<b>Net Cash Used in Financing Activities</b>	<b>(6,822,145)</b>	<b>(2,667,081)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>1,011,938</b>	<b>1,989,267</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>7,237,273</b>	<b>5,248,006</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 8,249,211</b>	<b>\$ 7,237,273</b>
<b>Supplemental Information</b>		
Cash paid for interest	\$ 2,317,224	\$ 1,427,681
Cash paid for income taxes	122,986	31,214
Non-cash right-of-use assets obtained in exchange for operating lease liabilities	502,254	-

*See accompanying notes to consolidated financial statements.*

# PB Group Holdings, LLC

## Notes to Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### *Nature of Operations*

PB Group Holdings, LLC (PB LLC) was formed as a limited liability company in Belmar, New Jersey. PB LLC, together with its subsidiaries, operate as a group of entities, which specialize in offering acai bowls and other healthy food options via quick service style restaurants. Restaurant locations consist of 1) PB LLC-owned stores, which are each wholly owned limited liability companies, 2) franchisee-owned stores, and 3) stores operated as a joint venture. The operations of Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC (together, the Subsidiaries) were substantially similar to that of PB LLC. When referred to collectively, PB LLC and the Subsidiaries are referred to as the Company.

A schedule of Company-owned locations in operation, is as follows:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Locations in Operation, beginning of year</b>	<b>27</b>	<b>26</b>
Locations opened	1	1
Locations closed	-	(1)
Franchisee-owned locations acquired by PB LLC	-	1
<b>Locations in Operation, end of year</b>	<b>28</b>	<b>27</b>

A schedule of franchisee-owned locations in operation is as follows:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Locations in Operation, beginning of year</b>	<b>136</b>	<b>102</b>
Locations opened	53	36
Locations closed	(1)	(1)
Franchisee-owned locations sold to PB LLC	-	(1)
<b>Locations in Operation, end of year</b>	<b>188</b>	<b>136</b>

Joint ventures are discussed separately within Note 1.

#### *Principles of Consolidation, Combination, and Noncontrolling Interest*

The consolidated financial statements include the accounts of PB LLC, its wholly owned Subsidiaries (Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC), and consolidated joint ventures. The ownership interests of consolidated entities not wholly owned by PB LLC are presented as noncontrolling interests in the accompanying consolidated financial statements. Noncontrolling interests represent the share of consolidated entities owned by third parties. Noncontrolling interest is adjusted for the noncontrolling members' share of additional contributions, distributions, and the proportionate share of the net income or loss of each respective entity. All significant intercompany transactions and balances have been eliminated in consolidation.

#### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

## **PB Group Holdings, LLC**

### **Notes to Consolidated Financial Statements**

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#### ***Reporting Period***

The Company's fiscal year is the calendar year ending December 31. The beginning of the reporting period is January 1.

#### ***Use of Estimates***

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash deposits and highly liquid investments with original maturities of 90 or fewer days. Financial instruments that potentially subject PB LLC to significant concentrations of credit risk consist primarily of cash and cash equivalents. PB LLC places its temporary cash investments with financial institutions. At times throughout the year PB LLC may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. As of December 31, 2023 and 2022, total cash and cash equivalents include \$180,139 and \$151,617, respectively, of amounts due from commercial credit card companies, such as Visa, MasterCard, and American Express, which are generally received within a few days of the related transaction.

#### ***Accounts Receivable***

Accounts receivable primarily relate to royalty fee receivables from franchisees, as well as receivables from third party delivery services. PB LLC uses the allowance method of valuing credit loss, which is based on an analysis of historical credit loss experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable receivable accounts considered at risk or uncollectible. No allowance for credit loss receivable was determined necessary as of December 31, 2023 or 2022.

#### ***Employee Retention Credits Receivable***

During 2022 and 2021, under the Consolidated Appropriations Act and the American Rescue Plan, PB LLC submitted various claims for Employee Retention Credits. The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages, up to \$10,000 (including qualified health plan expenses), an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Effective January 1, 2021, the credit increased from 50% to 70% up to \$10,000 of the qualified wages (including qualified health plan expenses) per quarter through September 30, 2021. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic, or a significant decline in gross receipts based on comparing quarterly revenue for 2020 and/or 2021 with the comparable quarter in 2019.

Based on PB LLC's assessments performed throughout 2021 and 2022, it was eligible for \$3,729,831 in refundable tax credits. PB LLC accounted for the refundable tax credits as a component of other income. Income was recognized when PB LLC substantially met the program's eligibility conditions, which were not met until PB LLC determined that it met the conditions for the credit opportunity and thus submitted the applications for its refund. The credits are subject to review by the IRS;

## PB Group Holdings, LLC

### Notes to Consolidated Financial Statements

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however, PB LLC does not believe that the IRS' review is a barrier to recognition and believes all conditions have been met to allow for income recognition. As of December 31, 2023 and 2022, PB LLC has included \$45,644 and \$3,404,315, respectively, as a receivable on the consolidated balance sheets. During the years ended December 31, 2023 and 2022, the Company recognized income of \$0 and \$3,588,983, respectively, which was included in the accompanying consolidated statements of operations.

#### ***Franchisee Fee Receivables***

PB LLC's franchisee fee receivables represent amounts due from franchisees related to initial franchise fees and brand development fees. PB LLC maintains an allowance for credit loss for estimated losses that may arise if any of its franchisees are unable to make required payments under franchise and other agreements. In assessing the collectability of receivables, management specifically analyzes past payment trends, the age of franchisee balances, historical bad debt experience, franchisee creditworthiness, changes in payment terms and other nonfinancial information. If the financial condition of any of its franchisees were to deteriorate, whether due to franchisee specific or general economic issues, PB LLC may be required to increase its allowance for credit loss. Franchisee receivables are written off when all collection attempts have failed. As of December 31, 2023 and 2022, PB LLC considered the receivables to be fully collectible; therefore, no allowance for credit loss was recorded.

#### ***Inventories***

Inventories consist primarily of restaurant food items, beverages, supplies, and certain retail items and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

#### ***Leases***

PB LLC accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842). PB LLC determines if an arrangement is a lease at inception and then assesses for classification as either an operating or finance lease. Assets and obligations related to operating leases are included in right-of-use (ROU) assets and operating lease liabilities in the consolidated balance sheet.

ROU assets represent PB LLC's right to use an underlying asset for the lease term and lease liabilities represent PB LLC's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. PB LLC has elected the practical expedient to use a risk-free rate as the discount rate in calculating the present value of the lease payments when the implicit rate in the lease is not determinable. Certain lease terms may include options to extend or terminate the lease, and these are included in the determination of the operating lease ROU asset and operating lease liability when it is reasonably certain that PB LLC will exercise those options. Lease expense for operating leases is recognized in an amount equal to the lease payments over the lease term.

For leases with an initial term of 12 months or less, PB LLC elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

## PB Group Holdings, LLC

### Notes to Consolidated Financial Statements

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Variable lease payments, which may vary based upon changes in facts or circumstances after the start of the lease (such as percentage rent or common area maintenance) are excluded from lease ROU assets and lease liabilities to the extent not considered fixed, and instead expensed as incurred.

#### ***Property and Equipment***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

Estimated useful lives are generally assigned as follows:

Asset Category	Years
Equipment, furniture, and fixtures	8
Vehicles	8
Buildings and leasehold improvements	Shorter of asset useful life or estimated terms of the lease

#### ***Goodwill***

Goodwill represents the excess of cost over fair value of net assets of the units acquired.

PB LLC accounts for goodwill in accordance with the accounting alternative provided by FASB Topic 350, *Intangibles - Goodwill and Other*. Goodwill is amortized over a straight-line basis of ten years and is assessed for impairment if an event or circumstances indicate that the fair value of PB LLC may be less than its carrying amount. A goodwill impairment loss is recognized to the extent the carrying amount of PB LLC including goodwill exceeds its fair value.

An entity that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. The impairment assessment is a trigger-based assessment, whereby PB LLC is only required to test goodwill for impairment if an event occurs or circumstances change that indicate the fair value of the entity may be below its carrying amount. PB LLC has made the election to test for impairment at the entity level.

PB LLC did not identify any triggering events as of December 31, 2023 and 2022, and accordingly, no impairment loss was recorded for goodwill.

#### ***Intangible Assets***

Intangible assets are amortized over their estimated useful lives. PB LLC evaluates the remaining estimated useful lives of intangible assets that are being amortized each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining life.

## PB Group Holdings, LLC

### Notes to Consolidated Financial Statements

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#### ***Impairment of Long-Lived Assets***

The Company assesses the recoverability of the recorded value of its long-lived assets, such as property and equipment, ROU assets, and intangible assets, whenever events or changes in business circumstances indicate the carrying amount of the asset may not be fully recoverable. The assessment of recoverability is based on management's estimate of undiscounted future operating cash flows of its long-lived assets. If the assessment indicates that the undiscounted operating cash flows do not exceed the net book value of the long-lived assets, then the difference between the net book value of the long-lived asset and the fair value of such asset is recorded as a charge against income in the consolidated statements of operations.

The Company recorded no impairment charges on long-lived assets during 2023 or 2022.

#### ***Equity-Based Compensation***

The Company has a leadership incentive plan (the Plan) for the purpose of granting profits interests in the Company to a select group of officers, employees, managers, consultants, or other key persons. The Plan allows for both time-based units, which vest ratably over five years, as well as performance-based units, which vest only upon a liquidation event. Equity-based compensation expense is measured at the grant date based on the fair value of the award. The measurement of fair value of the equity-based compensation units require judgment in the assumptions underlying the methods used to determine the fair value and can include Company performance volatility and risk-free interest rates. Vested time-based awards are retained at termination, however, there are options for the Company to repurchase the units upon employee termination. If the business relationship is terminated for cause, the Company retains the right to enforce forfeiture of the units. The Company accounts for forfeitures as they occur. As of December 31, 2023, the Plan had granted 64 and 42 time-based and performance-based units, respectively. No compensation expense is being recorded for the performance-based units inasmuch as vesting is dependent upon future performance and an exit event for the Company, which is not currently deemed to be probable. In addition, no equity-based compensation expense is being recorded for the time-based units as it was deemed immaterial by the Company.

#### ***Exit or Disposal Cost Obligations***

PB LLC accounts for exit or disposal activities, including restaurant closures, in accordance with FASB ASC 420-10, *Exit or Disposal Cost Obligations*. Such costs include the cost of disposing of the assets and liabilities as well as other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date PB LLC ceases using property under an operating lease, PB LLC records a gain or loss based on the difference between the remaining ROU asset and the operating lease liability. Termination penalties are included in the gain or loss on termination.

#### ***Gift Cards***

Revenue from gift cards sold by the Company is recognized upon redemption. Until the redemption occurs, the outstanding balances on the gift cards are record as unredeemed gift card liabilities.

**PB Group Holdings, LLC**  
**Notes to Consolidated Financial Statements**

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***Revenue Recognition and Deferred Revenue***

***Restaurant Sales***

The Company recognizes revenue from food and beverage sales when payment is tendered at the point of sale. Revenues are reported net on the accompanying consolidated statements of operations with customer complimentary meals and gift card promotion discounts recorded as a component of sales discounts.

***Royalty Fees***

The sales-based royalty fee is considered variable consideration related primarily to the use of the license and trademarks and will be recognized as revenue in the same period as sales are earned by the franchisees. Sales-based royalty fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. The Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based royalties.

***Brand Development Fee Revenue***

The sales-based brand development fees, which are based upon a percentage of adjusted gross revenue collected by the franchisees, are recognized as income when such revenues are earned by those franchisees. Sales-based brand development fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. The Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based brand development fees. The Company presents advertising contributions received from franchisees as brand development fee revenue in the same period in which the franchisee's sales occur.

Under the franchise agreements and other agreements, the contributions received must be spent on advertising, marketing, creative efforts, media support, or other related purposes specified in the agreements and generally result in no profit or loss recognized. The Company has control of the brand development fund. The expenditures are primarily accounts paid to third parties, but may also include personnel expenses and allocated costs, as defined by the franchise agreements.

***Initial Franchise Fees***

Playa Bowls Franchisor, LLC (Playa Bowls) generates revenues from franchising through franchise agreements. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Playa Bowls' trademarks, system, training, and restaurant operation assistance.

The Company satisfies the performance obligation related to the franchise agreements over the term of the related agreement, which is typically ten years. Payment for the franchise agreement consists of three components: a fixed fee related to the franchise agreement, a sales-based royalty fee, and sales-based brand development fees. Payment for multi-unit agreements consists of a fixed fee. The fixed fees, as determined by the signed multi-unit and/or franchise agreement, is nonrefundable and due at the time the agreements are entered into, and/or when the franchise agreement is signed.



## PB Group Holdings, LLC

### Notes to Consolidated Financial Statements

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The Company uses the private company practical expedient to recognize pre-opening services as a single performance obligation. These pre-opening services include:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related architectural and engineering services, and lease negotiation.
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

Consideration for these services is provided by the franchise fee, however, the standalone selling price of these services is reduced from the franchise fee and recognized at a point in time when the services have been fully rendered to the franchisee, which approximates the store opening. Remaining consideration is recognized on a straight-line basis over the life of the remaining franchise fee, which is typically ten years.

#### *Deferred Revenue*

The Company's contract liabilities consist of initial franchise fees (as described above) upon execution of their multi-unit and/or franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the agreement or upon cancellation of the agreement by the Company due to a default as outlined in the agreement, or by permanent store closure. Pre-opening expenses are recognized at a point in time when the services have fully rendered to the franchisee, which approximates the store opening. Remaining revenue is recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied. Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement.

Summary of significant changes to the deferred revenue balance are as follows:

Balance, December 31, 2021	\$	1,572,266
Receipt of new multi-unit and franchise agreement fees		2,236,000
Revenue recognition from multi-unit and initial franchise fees		(788,721)
Balance, December 31, 2022		3,019,545
Receipt of new multi-unit and franchise agreement fees		2,838,501
Revenue recognition from multi-unit and initial franchise fees		(1,409,248)
Balance, December 31, 2023	\$	4,448,798



**PB Group Holdings, LLC**  
**Notes to Consolidated Financial Statements**

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Future amortization of deferred revenue of multi-unit and franchise agreement fees is as follows:

*Year ending December 31,*

2024	\$ 3,750,080
2025	39,490
2026	39,490
2027	39,490
2028	39,490
Thereafter	540,758
<b>Total</b>	<b>\$ 4,448,798</b>

***Advertising Expenses***

Advertising expenses are expensed when incurred. Advertising expenses are comprised of costs incurred by the Company to benefit franchise operations. The Company may also incur additional advertising expenses should the Company spend more than is available within the production fund that will not be collected from franchised stores in the future.

Advertising expenses for the years ended December 31, 2023 and 2022 were \$646,769 and \$911,118, respectively, and are included in the accompanying consolidated statements of operations.

***Taxes Collected from Customers***

The Company collects sales taxes from its customers that are remitted to various state governmental authorities when due. The Company's policy is to record taxes collected from customers as a component of accrued expenses and other current liabilities in its accompanying consolidated balance sheets. Revenue is reported net of sales taxes collected from customers in the consolidated statements of operations.

***Income Taxes***

The Company, with the consent of its members, has elected to be formed as a limited liability company. PB LLC is considered a disregarded entity for federal and state tax purposes. In lieu of paying taxes at the entity level, its members are taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company accounts for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

***Joint Ventures***

The Company determined that the joint ventures meet the definition of a variable interest entity (VIE) and accounts for its ownership interest in locations organized through joint venture and other agreements under the consolidation basis of accounting because the Company exercises significant control over these entities. The factors the Company evaluates when making the decision on whether

## PB Group Holdings, LLC

### Notes to Consolidated Financial Statements

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an entity should be consolidated or unconsolidated include, but are not limited to, level of controlling or voting equity ownership, voting and kick out rights, activities that most significantly impact the entity's economic performance, the party that controls and manages such activities, the amount and characteristics of the Company's investment, the obligation or likelihood for the Company or other investors to provide financial support for the entity, and the similarity with and significance to the Company's business activities. In addition to evaluating all the factors above, the Company also takes into consideration the accounting guidance under Accounting Standard Codification 810, *Consolidation*. These factors are subject to significant judgments, performance of locations held by these entities, and general market conditions. The Company evaluated these factors in concluding that the joint venture owned locations should be accounted for as consolidated entities.

Financial information relating to noncontrolling interest in these entities is disclosed in the consolidated statements of operations and consolidated statements of changes in members' equity. During 2022, PB LLC acquired 100% of the remaining interest in Playa Bowls Florida LLC, which was previously a 50%-owned joint venture. There were no changes to noncontrolling interest ownership percentages during 2023. As of December 31, 2023 and 2022, PB LLC has included assets of \$2,938,166 and \$4,112,509, respectively, and liabilities of \$1,437,099 and \$2,342,622, respectively, related to noncontrolling interest in the consolidated balance sheets. With regard to the VIEs, there is no third-party debt, and any capital calls in excess of \$20,000 require the consent of all members. No such capital calls were made in 2023 or 2022.

#### ***Adoption of Accounting Standards Codification Topic 326, Credit Loss***

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)*, which improves financial reporting by requiring earlier recognition of credit losses on certain financial assets, such as held-to-maturity debt securities. Subsequent to the issuance of ASU 2016-13, the FASB issued several additional ASUs to clarify implementation guidance, provide narrow-scope improvements, and provide additional disclosure guidance. The Company adopted ASU 2016-13 as of January 1, 2023, which did not result in a material impact on its consolidated financial statements and related disclosures.

#### ***Reclassifications***

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the current-year presentation.

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**PB Group Holdings, LLC**  
**Notes to Consolidated Financial Statements**

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## 2. Property and Equipment

Property and equipment consist of the following:

<i>December 31,</i>	2023	2022
Buildings and leasehold improvements	\$ 3,366,689	\$ 2,656,322
Vehicles	236,082	233,512
Equipment, furniture, and fixtures	2,923,273	2,435,348
<b>Total Property and Equipment</b>	<b>6,526,044</b>	<b>5,325,182</b>
Less: accumulated depreciation	(1,812,412)	(906,329)
<b>Property and Equipment, Net</b>	<b>\$ 4,713,632</b>	<b>\$ 4,418,853</b>

Depreciation expense was \$906,083 and \$624,959 for the years ended December 31, 2023 and 2022, respectively, and is included in operating expenses on the accompanying consolidated statements of operations.

## 3. Intangible Assets and Goodwill

Intangible assets consist of the following:

<i>December 31,</i>	Estimated Amortization Lives (Years)	2023	2022
Trade name	15	\$ 37,171,837	\$ 37,171,837
Franchise agreements	7	7,800,000	7,800,000
Non-compete covenant	5	140,000	140,000
Loyalty program	4	3,390,000	3,390,000
Payment in-lieu of parking fee	5	120,000	120,000
<b>Total</b>		<b>48,621,837</b>	<b>48,621,837</b>
Accumulated amortization		(10,601,356)	(6,523,349)
<b>Intangible Assets, Net</b>		<b>\$ 38,020,481</b>	<b>\$ 42,098,488</b>

Amortization expense related to intangible assets for the years ended December 31, 2023 and 2022, was \$4,078,007 and \$4,568,508 respectively, and is included in the consolidated statements of operations.

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**PB Group Holdings, LLC**  
**Notes to Consolidated Financial Statements**

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Future amortization expense related to intangible assets is as follows:

*Year ending December 31,*

2024	\$	4,555,186
2025		4,202,061
2026		3,638,602
2027		3,541,886
2028		3,541,886
Thereafter		18,540,860
<b>Total</b>	<b>\$</b>	<b>38,020,481</b>

Goodwill consists of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Gross carrying amount	\$ 14,645,009	\$ 14,645,009
Accumulated amortization	(3,510,679)	(2,046,178)
<b>Goodwill, Net</b>	<b>\$ 11,134,330</b>	<b>\$ 12,598,831</b>

Amortization expense related to goodwill for each of the years ended December 31, 2023 and 2022, was \$1,464,501, and is included in the consolidated statements of operations.

Future amortization expense related to goodwill is as follows:

*Year ending December 31,*

2024	\$	1,464,501
2025		1,464,501
2026		1,464,501
2027		1,464,501
2028		1,464,501
Thereafter		3,811,825
<b>Total</b>	<b>\$</b>	<b>11,134,330</b>

#### **4. Debt**

Debt consists of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Southfield Mezzanine debt	\$ 7,500,000	\$ 7,500,000
Texas Capital Bank debt	15,666,667	15,979,167
	23,166,667	23,479,167
Less: current portion	(1,312,500)	(850,000)
Less: unamortized deferred financing fees	(393,171)	(545,366)
<b>Total Long-Term Debt</b>	<b>\$ 21,460,996</b>	<b>\$ 22,083,801</b>

## PB Group Holdings, LLC

### Notes to Consolidated Financial Statements

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The annual scheduled future minimum principal repayments for debt as of December 31, 2023, are as follows:

*Year ending December 31,*

2024	\$ 1,312,500
2025	1,750,000
2026	12,604,167
2027	7,500,000
<b>Total</b>	<b>\$ 23,166,667</b>

#### **Bank Debt**

##### *Southfield Mezzanine Debt*

In July 2021, PB LLC entered into a loan agreement with Southfield Mezzanine Capital II LP (Southfield) for \$7,500,000 in connection with the acquisition of the Subsidiaries, alongside \$12,500,000 of funded senior debt (discussed below). The Loan is secured by a silent second lien on substantially all assets of the Company and a second priority pledge of the equity in PB LLC. Maturity of the loan is later of five years from closing or six months following the senior debt maturity. The Loan bears interest at a fixed rate of 12.5% per annum calculated on an actual/360-day basis, payable on a current basis, quarterly in arrears. The outstanding balance as of December 31, 2023 and 2022 was \$7,500,000.

##### *Texas Capital Bank Debt*

In July 2021, PB LLC entered into a loan agreement with Texas Capital Bank for \$12,500,000 for a term of ten years. Interest of 3.85% calculated on the loan and all other amounts payable by the Company hereunder on a per annum basis is computed on the basis of a 360-day year. The outstanding balance as of December 31, 2023 and 2022 was \$11,041,667 and \$11,979,167, respectively.

In July 2021, PB LLC entered into a delayed draw agreement with Texas Capital Bank for \$4,000,000 for a term of five years. Interest of 3.85% calculated on the loan and all other amounts payable by the Company hereunder on a per annum basis is computed on the basis of a 360-day year. The draw was made in November 2022 and is payable over a term of ten years. The outstanding balance as of December 31, 2023 and 2022 was \$4,625,000 and \$4,000,000, respectively.

The debt due to Texas Capital Bank is subject to certain restrictive financial covenants. As of December 31, 2023, PB LLC was in compliance with those financial covenants.

#### **Debt Issuance Costs**

Debt issuance costs related to PB LLC's debt liability are capitalized in the consolidated balance sheets and are presented as a direct deduction from the carrying amount of the debt liability. Amortization of debt issuance costs for the years ended December 31, 2023 and 2022, was \$152,195 and \$122,220, respectively, and is included on the accompanying consolidated statements of operations as a component of interest expense.

**PB Group Holdings, LLC**  
**Notes to Consolidated Financial Statements**

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## **5. Related Parties**

### ***Franchise Agreements with Related Parties***

As of December 31, 2023, 13 franchise locations are owned by family members of PB LLC's members. Royalties and brand development revenue received totaled \$1,009,635 and \$750,778 from related party franchise locations for the years ended December 31, 2023 and 2022, respectively. Receivables from these locations were \$133,192 and \$49,126 as of December 31, 2023 and 2022, respectively.

### ***Management Fee***

Certain Members of the Company charge a management fee for advisory services. Management fee expense totaled \$300,000 for each of the years ended December 31, 2023 and 2022, respectively.

## **6. Members' Equity**

Ownership rights in the Company consists of membership interests. During the years ended December 31, 2023 and 2022, distributions to members totaled \$6,564,592 and \$4,852,205, respectively. During the years ended December 31, 2023 and 2022, contributions totaled \$54,947 and \$0 from its members, respectively. All debts, obligations, and liabilities are solely those of the Company. Members are not obligated personally for any debts, obligations, or liabilities solely by reason of being a Member.

## **7. Commitments and Contingencies**

The Company may at times be subject to lawsuits and other charges from customers and employees, which are typical within the industry. In the opinion of management, there were no open matters that will have a material effect upon the financial position of PB LLC.

## **8. Operating Leases**

The Company leases its restaurants, commissaries, and office space under the terms of operating leases which expire at various dates through the year 2032. The restaurant, commissary, and office space leases have various renewal options and escalation clauses. The leases generally require the Company to pay its proportional share of property taxes, insurance on the property, normal maintenance, and annual rental escalations. Certain leases require contingent rent payments based upon a percentage of the applicable restaurant's sales.

The Company's components of lease expense under ASC 842 for the year ended December 31, 2023, were as follows:

Fixed lease expense	\$ 1,586,475
Variable lease expense	581,007
<b>Total</b>	<b>\$ 2,167,482</b>

The weighted-average remaining lease term at December 31, 2023 is 5.67 years. The weighted-average discount rate at December 31, 2023 is 1.69%. Cash paid for leases during 2023 totaled \$1,529,225.

**PB Group Holdings, LLC**  
**Notes to Consolidated Financial Statements**

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Maturities of operating lease liabilities are as follows:

*Year ending December 31,*

2024	\$ 1,423,714
2025	1,434,563
2026	1,321,212
2027	1,146,605
2028	764,894
Thereafter	1,263,765
Less: amount representing interest	(123,519)
<b>Total</b>	<b>7,231,234</b>
Less: current portion	(1,423,714)
<b>Long-Term Portion</b>	<b>\$ 5,807,520</b>


**9. Subsequent Events**

Management has evaluated subsequent events through April 4, 2024, the date on which the consolidated financial statements were available to be issued.



## **PB Group Holdings, LLC**

Consolidated Financial Statements of the  
Successor and Combined Financial  
Statements of the Predecessor  
Year Ended December 31, 2022 (Successor), and for  
the Periods from July 28, 2021 to December 31,  
2021 (Successor) and January 1, 2021 to  
July 27, 2021 (Predecessor)



The report accompanying these financial statements was issued by  
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of  
BDO International Limited, a UK company limited by guarantee.





## **PB Group Holdings, LLC**

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### **Consolidated Financial Statements of the Successor and Combined Financial Statements of the Predecessor**

Year Ended December 31, 2022 (Successor), and for the Periods from July 28, 2021 to  
December 31, 2021 (Successor) and January 1, 2021 to July 27, 2021 (Predecessor)

# PB Group Holdings, LLC

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Seattle, WA 98101

## Independent Auditor's Report

To the Members  
PB Group Holdings, LLC  
Belmar, New Jersey

### *Opinion*

We have audited the consolidated financial statements of PB Group Holdings, LLC (Successor), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2022, and for the period from July 28, 2021 to December 31, 2021, and the related notes to the consolidated financial statements. We have also audited the combined financial statements of Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC (collectively, the Predecessor), which comprise the related combined statements of operations, changes in members' equity, and cash flows for the period from January 1, 2021 to July 27, 2021, and the related notes to the combined financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Successor as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022, and for the period from July 28, 2021 to December 31, 2021, in accordance with accounting principles generally accepted in the United States of America. Additionally, the accompanying combined financial statements present fairly, in all material respects, the results of operations and cash flows of the Predecessor for the period from January 1, 2021 to July 27, 2021, in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Successor and Predecessor and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of a Matter - Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, the Successor changed its method of accounting for leases during the year ended December 31, 2022, due to the adoption of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Successor and the combined financial statements of the Predecessor 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 consolidated financial statements of the Successor and the combined financial statements of the Predecessor that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Successor and the combined financial statements of the Predecessor, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor's and Predecessor's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements of the Successor and the combined financial statements of the Predecessor, 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 consolidated financial statements of the Successor and the combined financial statements of the Predecessor.
- 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 Successor's and Predecessor'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 consolidated financial statements of the Successor and the combined financial statements of the Predecessor.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor's and Predecessor'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.

*BDO USA, LLP*

April 28, 2023  
Seattle, Washington

**Consolidated Financial Statements of the Successor and  
Combined Financial Statements of the Predecessor**

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# PB Group Holdings, LLC

## Consolidated Balance Sheets

December 31,	<i>Successor</i>	
	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,237,273	\$ 5,248,006
Accounts receivable	883,389	648,741
Employee retention credits receivable	3,404,315	6,989
Franchise fee receivables	725,749	343,000
Inventories	260,653	213,177
Prepaid expenses and other current assets	630,766	569,922
<b>Total Current Assets</b>	<b>13,142,145</b>	<b>7,029,835</b>
Property and equipment, net	4,418,853	4,253,960
<b>Other Assets</b>		
Goodwill, net	12,598,831	13,841,792
Intangible assets, net	42,098,488	46,402,996
Right-of-use assets	7,863,921	-
<b>Total Other Assets</b>	<b>62,561,240</b>	<b>60,244,788</b>
<b>Total Assets</b>	<b>\$ 80,122,238</b>	<b>\$ 71,528,583</b>
<b>Liabilities and Members' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 491,725	\$ 280,310
Other liabilities	1,519,762	274,745
Gift card liability	829,889	650,025
Accrued expenses	674,141	927,211
Current portion of long-term debt	850,000	416,667
Deferred rent	-	43,382
Deferred revenue, current portion	2,570,000	1,339,395
Operating lease liabilities, current portion	1,335,087	-
<b>Total Current Liabilities</b>	<b>8,270,604</b>	<b>3,931,735</b>
<b>Long-Term Liabilities</b>		
Long-term debt, net of current portion	22,083,801	18,915,747
Operating lease liabilities, net of current portion	6,794,497	-
Deferred revenue, net of current portion	449,545	232,871
<b>Total Long-Term Liabilities</b>	<b>29,327,843</b>	<b>19,148,618</b>
<b>Total Liabilities</b>	<b>37,598,447</b>	<b>23,080,353</b>
<b>Members' Equity</b>		
Equity attributable to PB Group Holdings, LLC	41,585,140	46,261,907
Equity attributable to noncontrolling interest	938,651	2,186,323
<b>Total Members' Equity</b>	<b>42,523,791</b>	<b>48,448,230</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 80,122,238</b>	<b>\$ 71,528,583</b>

*See accompanying notes to consolidated financial statements.*

**PB Group Holdings, LLC**  
**Consolidated and Combined Statements of Operations**

	<i>Successor</i>		<i>Predecessor</i>
	<i>Year Ended December 31, 2022</i>	<i>Period from July 28, 2021 to December 31, 2021</i>	<i>Period from January 1, 2021 to July 27, 2021</i>
<b>Revenues</b>			
Restaurant sales	\$ 29,579,736	\$ 8,774,594	\$ 14,699,026
Franchise royalties and initial franchise fees	7,383,933	2,551,088	3,180,681
Other revenue	-	612,794	502,410
Brand development fees	855,382	239,719	282,108
<b>Total Revenue</b>	<b>37,819,051</b>	<b>12,178,195</b>	<b>18,664,225</b>
<b>Operating Expenses</b>			
Cost of goods sold	12,092,345	3,868,861	6,003,811
Labor and benefits	9,760,932	2,996,106	4,035,824
Delivery and selling expenses	1,634,001	468,546	766,548
Rent related expenses	1,880,270	709,405	955,914
Repairs and maintenance	931,460	355,163	466,373
Advertising	911,118	469,558	439,912
Professional fees	2,866,864	864,332	481,973
General and administrative expenses	3,718,227	992,249	1,355,278
Depreciation and amortization expense	6,637,828	2,838,028	492,419
Transaction-related expenses	-	1,815,592	3,098,459
<b>Total Operating Expenses</b>	<b>40,433,045</b>	<b>15,377,840</b>	<b>18,096,511</b>
<b>Income (Loss) From Operations</b>	<b>(2,613,994)</b>	<b>(3,199,645)</b>	<b>567,714</b>
<b>Other Income (Expenses)</b>			
Other income	797,808	794,221	258,631
Employee retention credits	3,587,896	141,935	-
Interest expense	(1,549,901)	(641,152)	(9,533)
<b>Total Other Income, net</b>	<b>2,835,803</b>	<b>295,004</b>	<b>249,098</b>
<b>Net Income (Loss)</b>	<b>221,809</b>	<b>(2,904,641)</b>	<b>816,812</b>
<b>Net Income Attributable to Noncontrolling Interest</b>	<b>1,094,388</b>	<b>157,231</b>	<b>571,417</b>
<b>Net Income (Loss) Attributable to PB Group Holdings, LLC</b>	<b>\$ (872,579)</b>	<b>\$ (3,061,872)</b>	<b>\$ 245,395</b>

*See accompanying notes to consolidated and combined financial statements.*



## PB Group Holdings, LLC

### Consolidated and Combined Statements of Changes in Members' Equity

	Equity Attributable to PB Group Holdings, LLC	Equity Attributable to Noncontrolling Interest	Total
<i>Predecessor</i>			
Balance, January 1, 2021	\$ 1,855,154	\$ 1,366,352	\$ 3,221,506
Contributions	-	33,204	33,204
Distributions	(2,637,062)	(985,615)	(3,622,677)
Net income	245,395	571,417	816,812
Balance, July 27, 2021	\$ (536,513)	\$ 985,358	\$ 448,845
<i>Successor</i>			
Balance, July 28, 2021	\$ -	\$ -	\$ -
Equity issued in acquisition and noncontrolling interest	26,200,000	2,291,000	28,491,000
Contributions	23,238,260	-	23,238,260
Distributions	(114,481)	(261,908)	(376,389)
Net income (loss)	(3,061,872)	157,231	(2,904,641)
Balance, December 31, 2021	46,261,907	2,186,323	48,448,230
Distributions	(2,920,441)	(1,931,764)	(4,852,205)
Purchase of noncontrolling equity interest	(883,747)	(410,296)	(1,294,043)
Net income (loss)	(872,579)	1,094,388	221,809
Balance, December 31, 2022	\$ 41,585,140	\$ 938,651	\$ 42,523,791

*See accompanying notes to consolidated and combined financial statements.*

# PB Group Holdings, LLC

## Consolidated and Combined Statements of Cash Flows

	Successor		Predecessor
	Year Ended December 31, 2022	Period from July 28, 2021 to December 31, 2021	Period from January 1, 2021 to July 27, 2021
<b>Cash Flows Provided by (Used in) Operating Activities</b>			
Net income (loss)	\$ 221,809	\$ (2,904,641)	\$ 816,812
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:			
Paycheck Protection Program loan forgiveness	-	-	(238,381)
Depreciation and amortization	6,637,828	2,838,028	492,419
Deferred rent	-	43,382	3,288
Noncash operating lease cost	78,281	-	-
Amortization of debt issuance costs	122,220	103,836	-
Changes in operating assets and liabilities			
Accounts receivable	(234,648)	(648,741)	(830,977)
Employee retention credits receivable	(3,397,326)	(6,989)	-
Franchise fee receivables	(382,749)	(343,000)	62,000
Inventories	(47,476)	80,823	(116,658)
Prepaid expenses and other current assets	(60,844)	(418,922)	(31,170)
Accounts payable and accrued expenses	(41,655)	(2,355,479)	1,965,844
Other liabilities	1,245,017	274,745	1,272,075
Gift card liability	179,864	650,025	(411,763)
Deferred revenue	1,447,279	1,572,266	272,321
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>5,767,600</b>	<b>(1,114,667)</b>	<b>3,255,810</b>
<b>Cash Flows Used in Investing Activities</b>			
Purchases of property and equipment	(789,852)	(335,330)	(348,307)
Business combination account holdback release	(201,400)	-	-
Business combination, net of cash acquired	-	(35,392,446)	-
Purchase of intangible asset	(120,000)	-	-
<b>Net Cash Flows Used in Investing Activities</b>	<b>(1,111,252)</b>	<b>(35,727,776)</b>	<b>(348,307)</b>
<b>Cash Flows Provided by (Used in) Financing Activities</b>			
Contributions from PB Group Holdings, LLC	-	23,238,260	-
Contributions from noncontrolling members	-	-	33,204
Borrowings of debt	4,000,000	20,000,000	1,377,499
Repayment of debt	(520,833)	-	(171,946)
Deferred financing costs	-	(771,422)	-
Purchase of noncontrolling equity interest	(1,294,043)	-	-
Distributions to PB Group Holdings, LLC	(2,920,441)	(114,481)	(2,637,062)
Distributions to noncontrolling members	(1,931,764)	(261,908)	(985,615)
<b>Net Cash Flows Provided by (Used in) Financing Activities</b>	<b>(2,667,081)</b>	<b>42,090,449</b>	<b>(2,383,920)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,989,267</b>	<b>5,248,006</b>	<b>523,583</b>
<b>Cash and Cash Equivalents, beginning of period</b>	<b>5,248,006</b>	<b>-</b>	<b>3,383,220</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>\$ 7,237,273</b>	<b>\$ 5,248,006</b>	<b>\$ 3,906,803</b>
<b>Supplemental Information</b>			
Cash paid for interest	\$ 1,427,681	\$ 537,316	\$ 9,533
Cash paid for income taxes	\$ 31,214	\$ 72,832	\$ 152,540

See accompanying notes to the consolidated and combined financial statements.

# PB Group Holdings, LLC

## Notes to Consolidated and Combined Financial Statements

### 1. Summary of Significant Accounting Policies

#### *Nature of Operations*

PB Group Holdings, LLC (PB LLC or the Successor) was formed as a limited liability company in Belmar, New Jersey. The Successor, together with its subsidiaries, operate as a group of entities, which specialize in offering acai bowls and other healthy food options via quick service style restaurants. Restaurant locations consist of 1) Successor-owned stores, which are each wholly owned limited liability companies, 2) franchisee-owned stores, and 3) stores operated as a joint venture. The operations of Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC (together, the Predecessor) were substantially similar to that of the Successor. When referred to collectively, the Successor and Predecessor are referred to as the Company.

A schedule of Company-owned locations in operation, is as follows:

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Locations in Operation, beginning of year</b>	<b>26</b>	<b>25</b>
Locations opened	1	1
Locations closed	(1)	-
Franchisee-owned locations acquired by PB LLC	1	-
<b>Locations in Operation, end of year</b>	<b>27</b>	<b>26</b>

A schedule of franchisee-owned locations in operation is as follows:

<b>Locations in Operation, beginning of year</b>	<b>102</b>	<b>71</b>
Locations opened	36	31
Locations closed	(1)	-
Franchisee-owned locations sold to PB LLC	(1)	-
<b>Locations in Operation, end of year</b>	<b>136</b>	<b>102</b>

Joint ventures are discussed separately within Note 1.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### *Principles of Consolidation, Combination, and Noncontrolling Interest*

##### **Predecessor**

The Predecessor financial statements include the combined accounts of Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC, as together the entities were under common control and were therefore treated as a single reporting unit. The ownership interests of combined entities not wholly owned by the Predecessor are presented as noncontrolling interests in the accompanying combined financial statements. Noncontrolling interests represent the share of combined entities owned by third parties. Noncontrolling interest is adjusted for the noncontrolling members' share of additional contributions, distributions, and the proportionate share of the net income or loss of each respective entity. All significant intercompany transactions and balances have been eliminated in combination.

##### **Successor**

The consolidated financial statements include the accounts of the Successor, its wholly owned subsidiaries (Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC), and consolidated joint ventures. The ownership interests of consolidated entities not wholly owned by the Successor are presented as noncontrolling interests in the accompanying consolidated financial statements. Noncontrolling interests represent the share of consolidated entities owned by third parties. Noncontrolling interest is adjusted for the noncontrolling members' share of additional contributions, distributions, and the proportionate share of the net income or loss of each respective entity. All significant intercompany transactions and balances have been eliminated in consolidation.

#### *Basis of Presentation*

The accompanying consolidated and combined financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Predecessor**

The period from January 1, 2021, to July 27, 2021, reflects the historical cost basis of accounting of the Predecessor that existed prior to the acquisition (see Note 2).

##### **Successor**

The year ended December 31, 2022, and the period from July 28, 2021, to December 31, 2021, are referred to as the "Successor periods". The Successor periods reflect the costs and activities as well as the recognition of assets and liabilities of the Predecessor at their fair values pursuant to the consummation of the acquisition (see Note 2). Due to the application of acquisition accounting by the Successor and the conforming of significant accounting policies, the results of operations, cash flows, and other financial information for the Successor periods are not comparable to the Predecessor period.

#### *Reporting Period*

The Successor's fiscal year is the calendar year ending December 31. The beginning of the reporting period is January 1.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### *Use of Estimates*

The preparation of the consolidated and combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash deposits and highly liquid investments with original maturities of 90 or fewer days. Financial instruments that potentially subject the Successor to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Successor places its temporary cash investments with financial institutions. At times throughout the year the Successor may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. As of December 31, 2022 and 2021, total cash and cash equivalents include \$151,617 and \$238,426, respectively, of amounts due from commercial credit card companies, such as Visa, MasterCard, and American Express, which are generally received within a few days of the related transaction.

#### *Accounts Receivable*

Accounts receivable primarily relate to royalty fee receivables from franchisees, as well as receivables from third party delivery services. The Successor uses the allowance method of valuing doubtful accounts receivable, which is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable receivable accounts considered at risk or uncollectible. No allowance for doubtful accounts receivable was determined as of December 31, 2022 or 2021.

#### *Employee Retention Credits Receivable*

During 2022 and 2021, under the Consolidated Appropriations Act and the American Rescue Plan, the Successor submitted various claims for Employee Retention Credits. The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages, up to \$10,000, (including qualified health plan expenses) an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Effective January 1, 2021, the credit increased from 50% to 70% up to \$10,000 of the qualified wages (including qualified health plan expenses) per quarter through September 30, 2021. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic, or a significant decline in gross receipts based on comparing quarterly revenue for 2020 and/or 2021 with the comparable quarter in 2019. Based on the Successor's assessments performed throughout 2021 and 2022, it was eligible for \$3,729,831 in refundable tax credits. The Successor accounted for the refundable tax credits in accordance with ASC 958-605 as a component of other income. Income was recognized when the Successor substantially met the program's eligibility conditions, which were not met until the Successor determined that it met the conditions for the credit opportunity and thus submitted the applications for its refund. The credits are subject to review by the IRS; however, the Successor does not believe that the IRS' review is a barrier to recognition, and believes all conditions have been met to allow for income recognition. As of December 31, 2022 and 2021, the Successor has included \$3,404,315 and \$6,989, respectively, as a receivable on the consolidated balance sheets. During the year ended December 31, 2022, and for the period from July 28, 2021, to December 31, 2021, the Successor

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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recognized income of \$3,587,896 and \$141,935, respectively, was included in the accompanying consolidated statements of operations. The Predecessor did not recognize any employee retention credit income.

#### *Franchisee Fee Receivables*

The Successor's franchisee fee receivables represent amounts due from franchisees related to initial franchise fees and brand development fees. The Successor maintains an allowance for doubtful accounts for estimated losses that may arise if any of its franchisees are unable to make required payments under franchise and other agreements. In assessing the collectability of receivables, management specifically analyzes past payment trends, the age of franchisee balances, historical bad debt experience, franchisee creditworthiness, changes in payment terms and other nonfinancial information. If the financial condition of any of its franchisees were to deteriorate, whether due to franchisee specific or general economic issues, the Successor may be required to increase its allowance for doubtful accounts. Franchisee receivables are written off when all collection attempts have failed. As of December 31, 2022 and 2021, the Successor considered the receivables to be fully collectible; therefore, no allowance for doubtful accounts was recorded.

#### *Inventories*

Inventories consist primarily of restaurant food items, beverages, supplies, and certain retail items and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

#### *Leases (Effective January 1, 2022)*

Effective January 1, 2022, the Successor accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, Leases (ASC 842). The Successor determines if an arrangement is a lease at inception and then assesses for classification as either an operating or finance lease. Assets and obligations related to operating leases are included in right-of-use (ROU) assets and operating lease liabilities in the consolidated balance sheet.

ROU assets represent the Successor's right to use an underlying asset for the lease term and lease liabilities represent the Successor's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The Successor has elected the practical expedient to use a risk-free rate as the discount rate in calculating the present value of the lease payments when the implicit rate in the lease is not determinable. Certain lease terms may include options to extend or terminate the lease, and these are included in the determination of the operating lease ROU asset and operating lease liability when it is reasonably certain that the Successor will exercise those options. Lease expense for operating leases is recognized in an amount equal to the lease payments over the lease term.

For leases with an initial term of twelve months or less, the Successor elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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Variable lease payments, which may vary based upon changes in facts or circumstances after the start of the lease (such as percentage rent or common area maintenance) are excluded from lease ROU assets and lease liabilities to the extent not considered fixed, and instead expensed as incurred.

#### *Leases (Through December 31, 2021)*

Prior to January 1, 2022, for operating leases, rent expense was recognized on a straight-line basis over the term of the lease.

#### *Property and Equipment*

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

Estimated useful lives are generally assigned as follows:

	Years
Equipment, furniture, and fixtures	8
Vehicles	8
Buildings and leasehold improvements	Shorter of asset useful life or estimated terms of the lease

#### *Goodwill*

Goodwill represents the excess of cost over fair value of net assets of the units acquired.

The Successor accounts for goodwill in accordance with the accounting alternative provided by FASB Topic 350. Goodwill is amortized over a straight-line basis of 10 years, and is assessed for impairment if an event or circumstances indicate that the fair value of the Successor may be less than its carrying amount. A goodwill impairment loss is recognized to the extent the carrying amount of the Successor including goodwill exceeds its fair value.

An entity that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. The impairment assessment is a trigger-based assessment, whereby the Successor is only required to test goodwill for impairment if an event occurs or circumstances change that indicate the fair value of the entity may be below its carrying amount. The Successor has made the election to test for impairment at the entity level.

The Successor did not identify any triggering events as of December 31, 2022 and 2021, and accordingly, no impairment loss was recorded for goodwill.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### *Intangible Assets*

Intangible assets are amortized over their estimated useful lives. The Successor evaluates the remaining estimated useful lives of intangible assets that are being amortized each reporting period to determine whether events and circumstances warrant a revision to remaining period of amortization. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining life.

#### *Impairment of Long-Lived Assets*

The Company assesses the recoverability of the recorded value of its long-lived assets, such as property and equipment, ROU assets, and intangible assets, whenever events or changes in business circumstances indicate the carrying amount of the asset may not be fully recoverable. The assessment of recoverability is based on management's estimate of undiscounted future operating cash flows of its long-lived assets. If the assessment indicates that the undiscounted operating cash flows do not exceed the net book value of the long-lived assets, then the difference between the net book value of the long-lived asset and the fair value of such asset is recorded as a charge against income in the consolidated and combined statements of operations.

The Company recorded no impairment charges on long-lived assets during 2022 or 2021.

#### *Equity-Based Compensation*

The Company has a leadership incentive plan (the Plan) for the purpose of granting profits interests in the Company to a select group of officers, employees, managers, consultants, or other key persons. The Plan allows for both time-based units, which vest ratably over five years, as well as performance-based units, which vest only upon a liquidation event. Equity-based compensation expense is measured at the grant date based on the fair value of the award. The measurement of fair value of the equity-based compensation units require judgment in the assumptions underlying the methods used to determine the fair value and can include Company performance volatility and risk-free interest rates. Vested time-based awards are retained at termination, however, there are options for the Company to repurchase the units upon employee termination. If the business relationship is terminated for cause, the Company retains the right to enforce forfeiture of the units. The Company accounts for forfeitures as they occur. As of December 31, 2022 and 2021, the Plan had granted 10 and 20 time-based and performance-based units, respectively. No compensation expense is being recorded for the performance-based units inasmuch as vesting is dependent upon future performance and an exit event for the Company, which is not currently deemed to be probable. In addition, no equity-based compensation expense is being recorded for the time-based units as it was deemed immaterial by the Company.

#### *Exit or Disposal Cost Obligations*

The Successor accounts for exit or disposal activities, including restaurant closures, in accordance with FASB ASC 420-10, *Exit or Disposal Cost Obligations*. Such costs include the cost of disposing of the assets and liabilities as well as other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date the Successor ceases using property under an operating lease, the Successor records a gain or loss based on the difference between the remaining ROU asset and the operating lease liability. Termination penalties are included in the gain or loss on termination.



## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### *Gift Cards*

Revenue from gift cards sold by the Company is recognized upon redemption. Until the redemption occurs, the outstanding balances on the gift cards are record as unredeemed gift card liabilities.

#### *Revenue Recognition and Deferred Revenue*

##### **Restaurant Sales**

The Successor and Predecessor recognize revenue from food and beverage sales when payment is tendered at the point of sale. Revenues are reported net on the accompanying consolidated and combined statements of operations with customer complimentary meals and gift card promotion discounts recorded as a component of sales discounts.

##### **Royalty Fees**

The sales-based royalty fee is considered variable consideration related primarily to the use of the license and trademarks and will be recognized as revenue in the same period as sales are earned by the franchisees. Sales-based royalty fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. The Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based royalties.

##### **Brand Development Fee Revenue**

The sales-based brand development fees, which are based upon a percentage of adjusted gross revenue collected by the franchisees, are recognized as income when such revenues are earned by those franchisees. Sales-based brand development fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. The Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based brand development fees. The Company presents advertising contributions received from franchisees as brand development fee revenue in the same period in which the franchisee's sales occur.

Under the franchise agreements and other agreements, the contributions received must be spent on advertising, marketing, creative efforts, media support, or other related purposes specified in the agreements and generally result in no profit or loss recognized. The Company has control of the brand development fund. The expenditures are primarily accounts paid to third parties, but may also include personnel expenses and allocated costs, as defined by the franchise agreements.

##### **Initial Franchise Fees**

Playa Bowls Franchisor, LLC (Playa Bowls) generates revenues from franchising through franchise agreements. Subsequent to the acquisition (see Note 2), Playa Bowls became a wholly owned subsidiary of the Successor. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Playa Bowls' trademarks, system, training, and restaurant operation assistance.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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The Company satisfies the performance obligation related to the franchise agreement agreements over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of three components: a fixed fee related to the franchise agreement, a sales-based royalty fee, and sales-based brand development fees. Payment for multi-unit agreements consists of a fixed fee. The fixed fees, as determined by the signed multi-unit and/or franchise agreement, is nonrefundable and due at the time the agreements are entered into, and/or when the franchise agreement is signed.

The Company uses the private company practical expedient to recognize pre-opening services as a single performance obligation. These pre-opening services include:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related architectural and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

Consideration for these services is provided by the franchise fee, however, the standalone selling price of these services is reduced from the franchise fee and recognized at a point in time when the services have been fully rendered to the franchisee, which approximates the store opening. Remaining consideration is recognized on a straight-line basis over the life of the remaining franchise fee, which is typically ten years.

#### Deferred Revenue

The Company's contract liabilities consist of initial franchise fees (as described above) upon execution of their multi-unit and/or franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the agreement or upon cancellation of the agreement by the Company due to a default as outlined in the agreement, or by permanent store closure. Pre-opening expenses are recognized at a point in time when the services have fully rendered to the franchisee, which approximates the store opening. Remaining revenue is recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied. Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

Summary of significant changes to the deferred revenue balance during 2022 and 2021 are as follows:

<b>Balance, January 1, 2021</b>	<b>\$ 786,525</b>
Receipt of new multi-unit and franchise agreement fees	764,890
Revenue recognition from multi-unit and initial franchise fees	(492,529)
<b>Balance, July 27, 2021</b>	<b>1,058,886</b>
Receipt of new multi-unit and franchise agreement fees	903,054
Revenue recognition from multi-unit and initial franchise fees	(389,674)
<b>Balance, December 31, 2021</b>	<b>1,572,266</b>
Receipt of new multi-unit and franchise agreement fees	2,236,000
Revenue recognition from multi-unit and initial franchise fees	(788,721)
<b>Balance, December 31, 2022</b>	<b>3,019,545</b>

Future amortization of deferred revenue of multi-unit and franchise agreement fees is as follows:

2023	\$ 2,570,000
2024	39,490
2025	39,490
2026	39,490
2027	39,490
Thereafter	291,585
<b>Total</b>	<b>\$ 3,019,545</b>

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### *Advertising Expenses*

Advertising expenses are expensed when incurred. Advertising expenses are comprised of costs incurred by the Company to benefit franchise operations. The Company may also incur additional advertising expenses should the Company spend more than is available within the production fund that will not be collected from franchised stores in the future.

Advertising expenses for the year ended December 31, 2022, and for the periods from July 28, 2021, to December 31, 2021 (successor) and January 1, 2021, to July 27, 2021 (predecessor) were \$911,118, \$469,558, and \$439,912, respectively, and are included in the accompanying consolidated and combined statements of operations.

#### *Taxes Collected from Customers*

The Company collects sales taxes from its customers that are remitted to various state governmental authorities when due. The Company's policy is to record taxes collected from customers as a component of accrued expenses and other current liabilities in its accompanying consolidated balance sheets. Revenue is reported net of sales taxes collected from customers in the consolidated and combined statements of operations.

#### *Income Taxes*

The Company, with the consent of its members, has elected to be formed as a limited liability company. The Successor is considered a disregarded entity for federal and state tax purposes. In lieu of paying taxes at the entity level, its members are taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company accounts for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

#### *Joint Ventures*

The Company determined that the joint ventures meet the definition of a variable interest entity (VIE) and accounts for its ownership interest in locations organized through joint venture and other agreements under the consolidation basis of accounting because the Company exercises significant control over these entities. The factors the Company evaluates when making the decision on whether an entity should be consolidated or unconsolidated include, but are not limited to, level of controlling or voting equity ownership, voting and kick out rights, activities that most significantly impact the entity's economic performance, the party that controls and manages such activities, the amount and characteristics of the Company's investment, the obligation or likelihood for the Company or other investors to provide financial support for the entity, and the similarity with and significance to the Company's business activities. In addition to evaluating all the factors above, the Company also takes into consideration the accounting guidance under Accounting Standard Codification 810, *Consolidation*. These factors are subject to significant judgments, performance of locations held by these entities, and general market conditions. The Company evaluated these factors in concluding that the joint venture owned locations should be accounted for as consolidated

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

entities. Financial information relating to noncontrolling interest in these entities is disclosed in the consolidated and combined statements of operations and consolidated and combined statements of changes in members' equity. During 2022, the Successor acquired 100% of the remaining interest in Playa Bowls Florida LLC, which was previously a 50%-owned joint venture. There were no changes to noncontrolling interest ownership percentages during 2021. As of December 31, 2022 and 2021, the Successor has included assets of \$4,112,509 and \$2,593,999, respectively, and liabilities of \$2,342,622 and \$280,997, respectively, in the consolidated balance sheets. With regard to the VIEs, there is no third-party debt, and any capital calls in excess of \$20,000 require the consent of all members. No such capital calls were made in 2022 or 2021.

#### ***Adoption of Accounting Standards Codification Topic 842, Leases***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Accounting Standards Codification (ASC) Topic 842) and subsequent amendments (collectively, ASC 842). ASC 842 requires lessees to generally recognize on the balance sheet, operating and finance lease liabilities and corresponding Right-of-use (ROU) assets for leases. Lessor accounting (and related sublessor accounting) is largely unchanged under ASC 842. Entities are required to use a modified retrospective approach on adoption, with the option of applying the requirements of the standard either (1) retrospectively to each prior comparative reporting period presented or (2) retrospectively at the beginning of the period of adoption, through a cumulative-effect adjustment to the opening balance of member's equity in the period of adoption. The Successor adopted the standard on January 1, 2022, using the modified retrospective approach at the beginning of the period of adoption. Consequently, periods before January 1, 2022, will continue to be reported in accordance with the prior accounting guidance in ASC 840. The Successor elected the package of practical expedients permitted under the transition guidance within ASC 842, which among other things, allows the Successor to carry forward the historical lease classification for leases that commenced before January 1, 2022, as well as to not separate lease and nonlease components.

The disclosure requirements of ASC 842 are included within Note 10. Adoption of ASC 842 resulted in changes in assets and liabilities in the Successor's balance sheet as follows:

	Balance as of December 31, 2021	Transition Adjustment	Balance as of January 1, 2022
<b>Assets</b>			
Right-of-use assets	\$ -	\$ 9,307,456	\$ 9,307,456
<b>Liabilities</b>			
Operating lease liabilities, current portion	-	1,345,261	1,345,261
Operating lease liabilities, net of current portion	-	8,005,577	8,005,577
Deferred rent	43,382	(43,382)	-

#### ***Reclassifications***

Certain amounts in the 2021 consolidated and combined financial statements have been reclassified to conform to the current-year presentation.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

#### 2. Business Combination

Effective at the close of business on July 27, 2021, the Predecessor entered into a Unit Purchase Agreement, pursuant to which PB LLC acquired all of the outstanding units of Playa Bowls LLC, Playa Bowls Franchisor LLC, and Rabby LLC, less joint venture units owned by third parties (noncontrolling interest), in exchange for cash and ownership interests in PB LLC valued at \$26,200,000. This transaction was accounted for in accordance with ASC 805, *Business Combinations* (ASC 805). The primary purpose of the transaction was to provide growth capital and to support the continued buildout of the business, and to serve as advisors to current management.

Transaction expenses were \$1,815,592, and \$3,098,459 for the periods from July 28, 2021, to December 31, 2021 (successor) and January 1, 2021, to July 27, 2021 (predecessor), respectively. Transaction expenses include consulting, valuation, legal, and contingent fees associated with the acquisition. Included in the equity amounts noted above, there were approximately \$800,000 in payments related to management transaction bonuses to certain members of the executive team which resulted in an expense in the predecessor period. All expenses have been accounted for in accordance with ASC 805 and are reflected in the predecessor or successor period, with the exception of the expenses with debt issuance totaling \$771,422, which were capitalized (see Note 6).

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date (rounded to the nearest \$000):

<b>Consideration</b>	
Net cash paid	\$ 37,550,000
Repayment of debt	1,750,000
Equity of PB LLC issued to sellers	26,200,000
Fair value of noncontrolling interests	2,291,000
<b>Total Consideration/Purchase Price</b>	<b>67,791,000</b>
<b>Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed</b>	
<b>Assets Acquired</b>	
Cash	3,907,000
Inventory	294,000
Prepaid expenses and other	151,000
Improvements and equipment	4,200,000
Intangible assets	48,358,000
<b>Liabilities Assumed</b>	
Accounts payable	(1,160,000)
Accrued expenses and other	(2,259,000)
Unfavorable leases	(144,000)
<b>Total Identifiable Nets Assets Assumed</b>	<b>53,347,000</b>
Goodwill	14,444,000
	<b>\$ 67,791,000</b>

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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Intangible assets acquired are primarily related to trade name, franchise agreements, non-compete agreements, and leases that are favorable or unfavorable relative to current market terms. The Successor assessed the fair values of each intangible asset class using an income approach model.

The purchase price allocation resulted in the recognition of \$14,444,000 in goodwill. The Successor calculated goodwill as the fair value of the consideration given at the acquisition date less the fair value of the net identifiable assets acquired. No impairment to goodwill existed at the acquisition date. The goodwill recorded in this transaction is not deductible for tax purposes.

### 3. Revisions to 2021 Predecessor and Successor Financial Statements

The 2021 Predecessor and Successor financial statements have been revised to reflect corrections related to the following immaterial errors:

1. Errors within the successor period consolidated statement of cash flows
2. Consolidated statements of changes in members' equity:
  - a. Omission of noncontrolling interest from both predecessor and successor periods
  - b. Inaccurate recording/classification of initial capitalization of members' equity in the successor period
3. Errors in the calculation of amortization expense
4. Omission of the fair value of the noncontrolling interest in the calculation of the purchase price in the business combination
5. Investment in consolidated entities not properly eliminated
6. Inaccurate allocation of noncontrolling interest on the consolidated and combined statements of operations

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# PB Group Holdings, LLC

## Notes to Consolidated and Combined Financial Statements

The effects of the revisions to the relevant consolidated financial statements line items are as follows:

### Consolidated Balance Sheet

<i>December 31, 2021</i>	As Previously Reported	Change	As Revised
<b>Total Current Assets</b>	\$ 7,029,834	\$ 1	\$ 7,029,835
Property and equipment, net	4,253,959	1	4,253,960
<b>Other Assets</b>			
Investments	312,963	(312,963)	-
Goodwill, net	12,152,609	1,689,183	13,841,792
Intangible assets, net	46,040,637	362,359	46,402,996
<b>Total Other Assets</b>	58,506,209	1,738,579	60,244,788
<b>Total Assets</b>	\$ 69,790,003	\$ 1,738,580	\$ 71,528,583
<b>Liabilities and Members' Equity</b>			
<b>Current Liabilities</b>	\$ 3,931,734	\$ 1	\$ 3,931,735
<b>Long-Term Liabilities</b>			
Long-term debt	18,915,747	-	18,915,747
Unfavorable leases	144,000	(144,000)	-
Deferred revenue, net of current portion	232,871	-	232,871
<b>Total Long-Term Liabilities</b>	19,292,618	(144,000)	19,148,618
<b>Total Liabilities</b>	23,224,352	(143,999)	23,080,353
<b>Members' Equity</b>			
Equity attributable to PB Group Holdings, LLC	-	46,261,907	46,261,907
Equity attributable to noncontrolling interest	-	2,186,323	2,186,323
<b>Total Members' Equity</b>	46,565,650	1,882,580	48,448,230
<b>Total Liabilities and Members' Equity</b>	\$ 69,790,003	\$ 1,738,580	\$ 71,528,583



# PB Group Holdings, LLC

## Notes to Consolidated and Combined Financial Statements

### Consolidated Statement of Operations

<i>Period from July 28, 2021 to December 31, 2021</i>	As Previously Reported	Change	As Revised
<b>Total Revenue</b>	\$ 12,178,194	\$ 1	\$ 12,178,195
<b>Operating Expenses</b>			
Depreciation and amortization expense	2,150,563	687,465	2,838,028
General and administrative expenses	1,077,896	(85,647)	992,249
Other operating expenses	11,547,563	-	11,547,563
<b>Total Operating Expenses</b>	14,776,022	601,818	15,377,840
<b>Loss From Operations</b>	(2,597,828)	(601,817)	(3,199,645)
<b>Other Income</b>	295,004	-	295,004
<b>Net Loss</b>	(2,302,824)	(601,817)	(2,904,641)
<b>Income Attributable to Noncontrolling Interest</b>	212,341	(55,110)	157,231
<b>Loss Attributable to PB Group Holdings, LLC</b>	\$ (2,515,165)	\$ (546,707)	\$ (3,061,872)

# PB Group Holdings, LLC

## Notes to Consolidated and Combined Financial Statements

### Consolidated Statement of Changes in Members' Equity

	As Previously Reported	Change	As Revised
Balance, January 1, 2021	\$ 1,043,958	\$ 2,177,548	\$ 3,221,506
Contributions	33,204	-	33,204
Distributions	(1,021,716)	(2,600,961)	(3,622,677)
Net income	816,810	2	816,812
Balance, July 27, 2021	\$ 1,024,797	\$ (575,952)	\$ 448,845
Balance, July 28, 2021	\$ -	\$ -	\$ -
Equity issued in acquisition and noncontrolling interest	-	28,491,000	28,491,000
Contributions	49,244,863	(26,006,603)	23,238,260
Distributions	(376,389)	-	(376,389)
Net loss	(2,302,824)	(601,817)	(2,904,641)
Balance, December 31, 2021	\$ 46,565,650	\$ 1,882,580	\$ 48,448,230

# PB Group Holdings, LLC

## Notes to Consolidated and Combined Financial Statements

### Consolidated Statement of Cash Flows

<i>Period from July 28, 2021 to December 31, 2021</i>	As Previously Reported	Change	As Revised
<b>Cash Flows Provided by (Used in) Operating Activities</b>			
Net loss	\$ (2,302,824)	\$ (601,817)	\$ (2,904,641)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:			
Paycheck Protection Program loan forgiveness	(789,906)	789,906	-
Depreciation and amortization	2,197,622	640,406	2,838,028
Deferred rent	43,382	-	43,382
Amortization of debt issuance costs	-	103,836	103,836
Changes in operating assets and liabilities			
Accounts receivables	240,434	(889,175)	(648,741)
Employee retention claims receivable	-	(6,989)	(6,989)
Franchise fee receivables	-	(343,000)	(343,000)
Inventories	79,823	1,000	80,823
Prepaid expenses and other current assets	(252,717)	(166,205)	(418,922)
Accounts payable and accrued expenses	1,576,991	(3,932,470)	(2,355,479)
Other liabilities	(1,466,538)	1,741,283	274,745
Gift card liability	-	650,025	650,025
Deferred revenue	1,572,266	-	1,572,266
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>898,534</b>	<b>(2,013,200)</b>	<b>(1,114,667)</b>
<b>Cash Flows Provided by (Used in) Investing Activities</b>			
Business combination, net of cash acquired	1,695,642	(37,088,088)	(35,392,446)
Purchases of property and equipment	-	(335,330)	(335,330)
<b>Net Cash Flows Provided by (Used in) Investing Activities</b>	<b>1,695,642</b>	<b>(37,423,418)</b>	<b>(35,727,776)</b>
<b>Cash Flows Provided by Financing Activities</b>			
Contributions from PB Group Holdings, LLC	3,744,863	19,493,397	23,238,260
Borrowings of debt	-	20,000,000	20,000,000
Debt issuance costs	(714,645)	(56,777)	(771,422)
Distributions to PB Group Holdings, LLC	(114,481)	-	(114,481)
Distributions to noncontrolling members	(261,908)	-	(261,908)
<b>Net Cash Flows Provided by Financing Activities</b>	<b>2,653,829</b>	<b>39,436,620</b>	<b>42,090,449</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>5,248,006</b>	<b>-</b>	<b>5,248,006</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 5,248,006</b>	<b>\$ -</b>	<b>\$ 5,248,006</b>
<b>Supplemental Information</b>			
Cash paid for interest	\$ -	\$ 537,316	\$ 537,316
Cash paid for income taxes	\$ -	\$ 72,832	\$ 72,832

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

#### 4. Property and Equipment

Property and equipment consist of the following:

<i>December 31,</i>	2022	2021
Buildings and leasehold improvements	\$ 2,656,322	\$ 2,180,851
Vehicles	233,512	206,622
Equipment, furniture, and fixtures	2,435,348	2,147,857
<b>Total Property and Equipment</b>	<b>5,325,182</b>	<b>4,535,330</b>
Less: Accumulated depreciation	(906,329)	(281,370)
<b>Property and Equipment, net</b>	<b>\$ 4,418,853</b>	<b>\$ 4,253,960</b>

Depreciation expense was \$624,959, \$281,370, and \$492,419 for the year ended December 31, 2022, and for the periods from July 28, 2021, to December 31, 2021 (successor) and January 1, 2021, to July 27, 2021 (predecessor), respectively, and is included in operating expenses on the accompanying consolidated and combined statements of operations.

#### 5. Intangible Assets and Goodwill

Intangible assets consist of the following:

<i>December 31,</i>	Estimated Amortization Lives (Years)	2022	2021
Trade name	15	\$ 37,171,837	\$ 37,171,837
Franchise agreements	7	7,800,000	7,800,000
Non-compete covenant	5	140,000	140,000
Loyalty program	4	3,390,000	3,390,000
Unfavorable lease	10	-	(144,000)
Payment in-lieu of parking fee	5	120,000	-
<b>Total</b>		<b>48,621,837</b>	<b>48,357,837</b>
Accumulated amortization		(6,523,349)	(1,954,841)
<b>Intangible Assets, net</b>		<b>\$ 42,098,488</b>	<b>\$ 46,402,996</b>

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

Amortization expense related to intangible assets for the year ended December 31, 2022, and for the periods from July 28, 2021 to December 31, 2021 (successor), and January 1, 2021 to July 27, 2021 (predecessor) was \$4,568,508, \$1,954,841, and \$0 respectively, and is included in the consolidated and combined statements of operations.

Future amortization expense related to intangible assets is as follows:

<i>Year Ending December 31,</i>		
2023	\$	4,555,186
2024		4,555,186
2025		4,202,061
2026		3,638,602
2027		3,541,886
Thereafter		21,605,567
	\$	42,098,488

Goodwill consists of the following:

<i>December 31,</i>	2022	2021
Gross carrying amount	\$ 14,645,009	\$ 14,443,609
Accumulated amortization	(2,046,178)	(601,817)
<b>Goodwill, net</b>	<b>\$ 12,598,831</b>	<b>\$ 13,841,792</b>

Amortization expense related to goodwill for the year ended December 31, 2022, and for the periods from July 28, 2021 to December 31, 2021 (successor), and January 1, 2021 to July 27, 2021 (predecessor) was \$1,444,361, \$601,817, and \$0 respectively, and is included in the consolidated and combined statements of operations.

Future amortization expense related to goodwill is as follows:

<i>Year Ending December 31,</i>		
2023	\$	1,444,361
2024		1,444,361
2025		1,444,361
2026		1,444,361
2027		1,444,361
Thereafter		5,377,026
	\$	12,598,831

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

#### 6. Notes Payable and Long-Term Loan

Long-term debt consists of the following:

<i>December 31,</i>	2022	2021
Southfield Mezzanine debt	\$ 7,500,000	\$ 7,500,000
Texas Capital Bank debt	15,979,167	12,500,000
	<b>23,479,167</b>	<b>20,000,000</b>
Less: Current portion	(850,000)	(416,667)
Less: Unamortized deferred financing fees	(545,366)	(667,586)
<b>Total</b>	<b>\$ 22,083,801</b>	<b>\$ 18,915,747</b>

The annual scheduled future minimum principal repayments for long-term debt as of December 31, 2022, are as follows:

<i>Year Ending December 31,</i>	
2023	\$ 850,000
2024	816,667
2025	816,667
2026	816,667
2027	816,667
Thereafter	19,362,499
<b>Total</b>	<b>\$ 23,479,167</b>

#### **Bank Debt**

##### **Southfield Mezzanine Debt**

In July 2021, the Successor entered into a loan agreement with Southfield Mezzanine Capital II LP (Southfield) for \$7,500,000 in connection with the acquisition of the Predecessor, alongside \$12,500,000 of funded senior debt (discussed below). The Loan will be secured by a silent second lien on substantially all assets of the Borrower and a second priority pledge of the equity in the Successor. Maturity of the loan is later of five years from closing or six months following the senior debt maturity. The Loan will bear interest at a fixed rate of 12.5% per annum calculated on an actual/360-day basis, payable on a current basis, quarterly in arrears. The outstanding balance as of December 31, 2022 and 2021 was \$7,500,000.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### **Texas Capital Bank Debt**

In July 2021, the Successor entered into a loan agreement with Texas Capital Bank for \$12,500,000 for a term of 10 years. Interest of 3.85% calculated on the loan and all other amounts payable by Borrowers hereunder on a per annum basis shall be computed on the basis of a 360-day year. The outstanding balance as of December 31, 2022 and 2021 was \$11,979,167 and \$12,500,000, respectively.

In July 2021, the Successor entered into a delayed draw agreement with Texas Capital Bank for \$4,000,000 for a term of 5 years. Interest of 3.85% calculated on the loan and all other amounts payable by Borrowers hereunder on a per annum basis shall be computed on the basis of a 360-day year. The draw was made in November 2022 and is payable over a term of 10 years. The outstanding balance as of December 31, 2022 and 2021 was \$4,000,000 and \$0, respectively.

The notes payable due to Texas Capital Bank are subject to certain restrictive financial covenants. As of December 31, 2022, the Successor was in compliance with those financial covenants.

#### ***Paycheck Protection Program Loan***

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that were forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The PPP loan was administered by the U.S. SBA and the Banks. The PPP loan provided for customary events of default including, among other things, cross-defaults on any other loan with the issuing bank.

The proceeds of the PPP loan could be used for payroll costs, costs related to certain group health care benefits, rent payments, utility payments, mortgage interest payments, and interest payments on other debt obligations that were incurred before February 15, 2020. The Predecessor recognized loan forgiveness of \$238,381 for the period from January 1, 2021 to July 27, 2021, which is included on the accompanying combined statement of operations as a component of other income.

#### ***Debt Issuance Costs***

Debt issuance costs related to the Successor's debt liability are capitalized in the consolidated balance sheets and are presented as a direct deduction from the carrying amount of the debt liability. Amortization of debt issuance costs for the year ended December 31, 2022, and for the periods from July 28, 2021 to December 31, 2021 (successor), and January 1, 2021 to July 27, 2021 (predecessor) were \$122,220, \$103,836 and \$0, respectively, and are included on the accompanying consolidated and combined statements of operations as a component of interest expense.

## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

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#### 7. Related Parties

##### *Franchise Agreements with Related Parties*

As of December 31, 2022, 12 franchise locations are owned by family members of the Successor's members. Royalties and brand development revenue received totaled \$750,778, \$562,327, and \$440,454 from related party franchise locations for the year ended December 31, 2022, and for the periods from July 28, 2021 to December 31, 2021 (successor), and January 1, 2021 to July 27, 2021 (predecessor), respectively. Receivables from these locations were \$49,126 and \$44,197 as of December 31, 2022 and 2021, respectively.

#### 8. Members' Equity

Ownership rights in both Successor and Predecessor consist of membership interests. During the year ended December 31, 2022, and for the periods from July 28, 2021 to December 31, 2021 (successor), and January 1, 2021 to July 27, 2021 (predecessor) distributions to members totaled \$4,852,205, \$376,389 and \$3,622,677, respectively. During the year ended December 31, 2022, and for the periods from July 28, 2021 to December 31, 2021 (successor), and January 1, 2021 to July 27, 2021 (predecessor), contributions totaled \$0, \$4,917,497 and \$33,204 from its members, respectively. All debts, obligations, and liabilities shall be solely those of the Successor and Predecessor. Members are not obligated personally for any debts, obligations, or liabilities solely by reason of being a Member.

#### 9. Commitments and Contingencies

The Company may at times be subject to lawsuits and other charges from customers and employees, which are typical within the industry. In the opinion of management, there were no open matters that will have a material effect upon the financial position of the Successor.

#### 10. Operating Leases

The Successor leases its restaurants, commissaries, and office space under the terms of operating leases which expire at various dates through the year 2032. The restaurant, commissary, and office space leases have various renewal options and escalation clauses. The leases generally require the Successor to pay its proportional share of property taxes, insurance on the property, normal maintenance, and annual rental escalations. Certain leases require contingent rent payments based upon a percentage of the applicable restaurant's sales.

The Successor's components of lease expense under ASC 842 for the year ending December 31, 2022, were as follows:

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Fixed lease expense	\$	1,500,818
Variable lease expense		379,452
<hr/>		
Total	\$	1,880,270

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## PB Group Holdings, LLC

### Notes to Consolidated and Combined Financial Statements

Under ASC 840, rent expense amounted to \$709,405 and \$955,914 for the periods from July 28, 2021, to December 31, 2021 (successor) and January 1, 2021, to July 27, 2021 (predecessor), respectively.

The weighted-average remaining lease term at December 31, 2022 is 6.4 years. The weighted-average discount rate at December 31, 2022 is 1.64%. Cash paid for leases during 2022 totaled \$1,345,261.

Maturities of operating lease liabilities are as follows for years ending December 31:

2023	\$ 1,460,525
2024	1,469,423
2025	1,392,374
2026	1,277,698
2027	1,101,726
Thereafter	1,568,389
	<u>8,270,135</u>
Less: Amount representing interest	(140,551)
<b>Total</b>	<b>8,129,584</b>
Less: Current Portion	(1,335,087)
<b>Long-Term Portion</b>	<b>\$ 6,794,497</b>

As presented in the 2021 financial statements, future minimum lease payments required under operating leases with lease terms in excess of one year were as follows for the years ending December 31:

2022	\$ 1,250,003
2023	1,184,270
2024	1,151,378
2025	1,126,642
2026	1,044,183
Thereafter	2,762,183
<b>Total</b>	<b>\$ 8,518,659</b>

### 11. Subsequent Events

Management has evaluated subsequent events through April 28, 2023, the date on which the consolidated and combined financial statements were available to be issued.



Form E-Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, PB Group Holdings, LLC, a Delaware Limited Liability Company (the "Guarantor"), located at 803 Ocean Avenue, Belmar, NJ 07719, absolutely and unconditionally guarantees to assume the duties and obligations of Playa Bowls Franchisor, LLC, a New Jersey Limited Liability Company, located at 803 Ocean Avenue, Belmar, NJ 07719 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Sandy Springs, GA, April on the 5 day of 2024.

GUARANTOR:

PB Group Holdings, LLC

By: 

Name: David Krisher

Title: Chief Financial Officer

STATE OF GEORGIA

COUNTY OF FULTON

Personally appeared before me this 5<sup>TH</sup> day of APRIL, 2024, the above-named **David Krisher**, to me known to be the person who executed the foregoing application (as **Chief Financial Officer** of the above name applicant) and, after being administered an oath and duly sworn, swore upon oath that said application, and all exhibits submitted herewith, are true and correct.

Notary Public 

My Commission Expires: 08-16-2027







FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT E**  
FRANCHISE AGREEMENT



PLAYA BOWLS  
FRANCHISE AGREEMENT

FRANCHISEE:

Playa Bowls Franchise Agreement

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Playa Bowls FDD April 28, 2023



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#### Schedules and Exhibits

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Schedule 2	Statement of Franchise Owners
Exhibit 1	Owner and Spouse Agreement and Guaranty
Exhibit 2	Confidentiality Agreement
Exhibit 3	Site Selection Acknowledgment
Exhibit 4	Lease Agreement Rider
Exhibit 5	Collateral Assignment of Lease
3	Data Sheet and Statement
Exhibit 6	Assignment of Ownership Interests in Franchisee/Entity
4	Confidentiality and Non-Competition Agreement
5	Electronic Funds Transfer Authorization



6	<del>Internet Advertising, Telephone Numbers and Digital Media and Telephone Account Agreement</del> <u>Accounts</u>
7	<del>Franchisee Acknowledgment Statement</del>
8	<del>Americans with Disabilities Act Certification</del>
9	<del>Spousal Guaranty</del>





Exhibit 7      ACH Authorization Form  
Exhibit 8      General Release  
Exhibit 9      Food Truck Addendum



## **FRANCHISE AGREEMENT**

**THIS AGREEMENT**, ~~This Franchise Agreement (the "Agreement")~~ is entered into on \_\_\_\_\_ (the "~~Effective Date~~"), by and between ~~the franchisor~~ Playa Bowls Franchisor LLC, a New Jersey limited liability company, with ~~its~~ principal ~~address~~ place of business located at 803 Ocean Avenue, Belmar, New Jersey 07719 (~~herein referred to as "we", "us" or "our"~~), and \_\_\_\_\_, a(n) \_\_\_\_\_, whose principal address is \_\_\_\_\_, and \_\_\_\_\_'s principal(s) \_\_\_\_\_, an individual, residing at \_\_\_\_\_, and \_\_\_\_\_, an individual, residing at \_\_\_\_\_ ("Principal(s)") who shall be collectively referred to in this Agreement as "you" or "your" or "Franchisee". ~~the "Franchisor" and \_\_\_\_\_ (the "Franchisee").~~

### **WITNESSETH:**

#### **RECITALS**

~~WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have~~ Franchisor has developed and own a unique and a distinctive and proprietary system (hereinafter the "System") relating to ~~for the establishment development~~ and operation of a Playa Bowls shop operating under the name "Playa Bowls" offering featuring acai bowls, pitaya bowls, coconut bowls, chia pudding mango bowls, oatmeal bowls, smoothies, juices, and other healthy food options ~~menu items that Franchisor authorizes~~ (the "Approved Products and Services") for ~~dine-in-on-premises dining and take-out ("Shop" or carryout under the Licensed Marks (defined below) (each, a "Franchised Business").~~ You may, subject to our specifications and requirements, also offer delivery and catering services within your Designated Territory;" or "Shop");

~~WHEREAS, the distinguishing characteristics of the System include, without limitation, and, therefore, each Playa Bowls Shop, is identified by the Licensed Marks and distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary trade dress, service offerings, business formats, equipment, products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and, supplies, operating procedures for operations; quality and uniformity of products and services offered; programs, methods, procedures for inventory, management and financial control; training and assistance; and marketing and advertising and promotional programs; standards, all of which are part of the System and all of which Franchisor may be changed, improved, and further developed by us modify from time to time; and~~

~~WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Playa Bowls" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks" or "Proprietary Marks");~~

—— ~~WHEREAS~~, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

—— ~~WHEREAS~~, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

—— ~~WHEREAS~~, you desire to use the System in connection with the operation of a Shop at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith;

—— ~~WHEREAS~~, Franchisee desires to obtain the non-exclusive license and right to use the System in the development and operation of one Playa Bowls Shop from a single fixed location within a designated territory and pursuant to the terms of this Agreement.

NOW, ~~THEREFORE~~, the parties, in consideration of the ~~mutual undertakings and commitments set forth herein~~ foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which ~~are~~ hereby mutually acknowledged, ~~the parties do hereby~~ agree, as follows:

## **ARTICLE 1**

### **GRANT**

#### **1.1 — Grant of Franchise**

—— In reliance on the representations and warranties of you and your Principals hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Playa Bowls Shop under the Marks and the System in accordance with this Agreement. You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Shop hereunder and not for the purpose of reselling the rights to develop the Shop hereunder. You and the Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Shop is open for business to the public in accordance with Article 2.6, and then only in accordance with Article 14 hereof.

#### **1.2 — Accepted Location**

—— The specific street address of the Shop location accepted by us shall be set forth in Attachment 1 ("Location" or "Accepted Location") when such Location is determined. This Agreement does not grant to you the right or license to operate the Shop or to offer or sell any products or services described under this Agreement at or from any location other than the Accepted Location.

### **1.3 Relocation**

If you are unable to continue the operation of the Shop at the Accepted Location because of the occurrence of a force majeure event (as described in Article 17.1.3(e)), then you may request our approval to relocate the Shop to another location in the Designated Territory, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the Designated Territory or a relocation of the Shop not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Shop, then you shall comply with the site selection and construction procedures set forth in Article 2. Upon our approval of your relocation request, you shall reimburse our costs and expenses related to your relocation request. As a condition for our approval of a relocation request, at our election, we may require that you sign our then current Shop Franchise Agreement and pay our then current initial franchise fee that is prorated to provide a credit based on the number of years remaining on the initial term of your original Franchise Agreement.

### **1.4 Designated Territory**

Upon the execution of this Agreement or when the Accepted Location is determined, whichever occurs later, you may be assigned a territory (the “Designated Territory”) that will also be described in Attachment 1. You understand and acknowledge that if your Accepted Location is a Non-Traditional Site (as described in Article 1.5 below), you will not receive a Designated Territory.

Except as provided in this Agreement, and subject to your and your Principals’ material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Shop in the Designated Territory during the term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Shop. You acknowledge and agree that our affiliates currently operate, or may in the future operate, shops under different marks and with operating systems that are the same as or similar to the System, and that any such shops might compete with your Shop. You further agree and acknowledge that the license granted hereby is only for the operation of one Shop and only at a location accepted by us.

### **1.5 Our Reserved Rights**

1.5.1 Nothing in this Agreement will prohibit us from: (a) operating and/or franchising others to operate shops identified in whole or in part by the Proprietary Marks and/or utilizing the System anywhere outside the Designated Territory as we deem appropriate and irrespective of the proximity to your Designated Territory; (b) operating and/or franchising others to operate restaurants identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Designated Territory that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; malls; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice

venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market locations within and outside your Designated Territory (“Non-Traditional Site”); (c) granting national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party’s trademark within and outside your Designated Territory; (d) merchandising and distributing products identified by the Proprietary Marks in the Designated Territory through any method or channel of distribution other than through the operation of a shop, including distribution of Proprietary Products through supermarkets, grocery stores, club stores and ethnic food stores; (e) selling and distributing products identified by the Proprietary Marks within Franchisee’s Designated Territory to outlets, shops, and restaurants, other than Shops identified by the Proprietary Marks, provided those shops are not licensed to use the Proprietary Marks in connection with their retail sales; (f) selling products and services, within and outside your Designated Territory, through other channels of distribution, including the internet, wholesale, mail order and catalogue; (g) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; (h) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Playa Bowls Shops; and (i) use the Proprietary Marks and System and to license others to use the Proprietary Marks and System to engage in all other activities not expressly prohibited by the Franchise Agreement.

1.5.2 You understand and acknowledge that if any Non-Traditional Site (as described above) is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your Designated Territory and you will have no rights to this Non-Traditional Site.

1.5.3 Without limiting the foregoing, this Article 1.5 does not prohibit us or our affiliates from: (a) operating and franchising others to operate Playa Bowls Shops at any location outside of the Designated Territory; (b) operating and franchising others to operate, after this Agreement terminates or expires, Playa Bowls Shops at any location, including locations inside the Designated Territory; and (c) operating and franchising others to operate at any location, during or after the Initial Term, any type of shop other than a Playa Bowls Shop.

1.5.4 The restrictions contained in Article 1.4 do not apply to Playa Bowls Shops in operation, under lease or construction or other commitment to open in the Designated Territory as of the Effective Date.

1.5.5 Except as expressly limited by this Article 1.5, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to the Shop or the economic effect on your Shop or activities under this Agreement.

## **1.6 Forms of Agreement**

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and



the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

#### **DEFINITIONS**

Supplementing the terms and definitions contained in the foregoing “Recitals”:

**“Accounting Period”** means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee’s obligations to report financial information and data to Franchisor and Franchisee’s payment of all fees and other obligations under this Agreement. The “Accounting Period” shall be a monthly period commencing not later than the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and shall continue each and every month thereafter throughout the Term of this Agreement and any applicable renewal term. As to fees designated by Franchisor as being payable and due monthly, the Accounting Period shall be a monthly period commencing not later than the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and shall continue each and every month thereafter throughout the Term of this Agreement and any applicable renewal term.

**“Actual Business Commencement Date”** means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

**“Additional Initial Training Fee”** shall have the meaning defined and set forth in Article 4.A. of this Agreement.

**“Advertising Contributions”** means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor’s affiliate and/or designees as set forth in this Agreement including, but not limited to, the National Marketing Fund Fee set forth in Article 9.A. of this Agreement.

**“Advertising Cooperative”** shall have the meaning defined and set forth in Article 9.F. of this Agreement.

**“Alternative Channels of Distribution”** means wholesale, and/or retail stores, outlets, supermarkets, grocery stores, E-Commerce marketplaces, E-Commerce channels of distribution, internet based sales channels, and other outlets that do not include restaurants.

**“Ancillary Agreements”** means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee, but not including this Agreement; (b) Franchisor and each of Franchisee’s Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee’s Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease, and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

**“Annual Conference Attendance Fee”** means an annual conference attendance fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceeding \$1,500 annually.

**“Annual System Conference”** means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among Playa Bowls Shop franchisees, and general

education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee's travel to and attendance at the Annual System Conference.

**"Approved Products and Services"** shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that Franchisor authorizes for sale by Playa Bowls Shops. Franchisor shall exclusively designate and determine the Approved Products and Services and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce, or supplement the Approved Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor's right to change and modify the Approved Products and Services, shall designate the Approved Products and Services that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Products and Services.

**"Assignment of Telephone Numbers and Digital Media Accounts"** means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

**"Business Management System"** means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually, or collectively, designated by Franchisor, in Franchisor's Reasonable Business Judgment, as being required for use by the Franchised Business.

**"Business Management System Data"** means the forms, data, tools, customer information, inventory, sales, and other information that: (a) is pre-populated or entered into the Business Management System; (b) is entered by Franchisor or Franchisee into the Business Management System; and/or (c) is recorded, stored and/or maintained in connection with the Franchised Business.

**"Captive Market"** means any and all facilities, venues, locations, and/or institutions with captive audiences or consumers, workers, members and/or participants. Without limitation to the foregoing, the term Captive Market shall further refer to and include, among other things: indoor malls, airports, transportation stations, factories, government facilities, military bases, hospitals, amusement parks, recreational parks or facilities, sports facilities, convention centers, travel centers, schools, colleges and other academic facilities, seasonal facilities, shopping malls, theaters, workplace cafeterias, hotels, and venues where food service is administered or provided as a concession by a master concessionaire.

**"Closed Market"** means any and all Captive Markets that are presently, or in the future, located within Franchisee's Designated Territory.

**"Collateral Assignment of Lease"** means the Collateral Assignment of Lease agreement attached to this Agreement as Exhibit 5.

**"Competitive Business"** means any business that (i) is the same as or similar to a Playa Bowls Shop (including traditional shops and outlets, mobile kiosks, food trucks, and/or non-traditional outlets); and/or (ii) offers, sells, and/or provides acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, fruit bowls, smoothies, and/or juices.

**"Confidential Information"** means all of Franchisor's and Franchisor's affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the

Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, recipes, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Playa Bowls Shops; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Playa Bowls Shops; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Playa Bowls Shops; (d) customer lists and information related to Playa Bowls Shops and the Franchised Business; (e) Business Management System Data; (f) recipes; (g) current and future information contained in the Operations Manual; and (h) Know-How.

**“Confidentiality Agreement”** means the sample form of Confidentiality Agreement attached to this Agreement as Exhibit 2.

**“Controlling Interest”** shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue, and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

**“Copyrights”** means all works and materials for which Franchisor, or any affiliate of Franchisor has secured common law or registered copyright protection, and Franchisor uses and/or allows Playa Bowls Shop franchisees to use in the operation of a Playa Bowls Shop, whether as of the Effective Date of this Agreement or any time in the future.

**“Corporate Entity”** means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

**“Designated Territory”** means the territory identified and described in Schedule 1 attached to and made a part of this Agreement or, if Schedule 1 is not completed at the time of signing this Agreement, as Schedule 1 is otherwise completed in accordance with this Agreement. Franchisor, in Franchisor’s Reasonable Business Judgment and discretion, shall determine the Designated Territory. If Schedule 1 is not completed and/or is not signed by Franchisor there shall be no Designated Territory.

**“Digital Media”** means any interactive or static digital document, listing, directory, application, advertisement, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, references, identifies, reviews, promotes

and/or relates, in any way, to, Playa Bowls Shops, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

**“Due Date”** shall have the meaning defined and set forth in Article 5.B. of this Agreement.

**“E-Commerce”** means the sale, distribution, and/or delivery of menu items, services and/or products including, but not limited to, the Approved Products and Services, merchandise, and other products and services designated by Franchisor, through channels of distribution that originate from and include among other things, the System Website, websites, web based portals, e-commerce platforms, online marketplaces, and other platforms related to the marketing, sale, and/or distribution of menu items, Approved Products and Services, and/or other products and services.

**“Effective Date”** shall be the date set forth, defined, and referred to in the first paragraph of this Agreement.

**“Franchised Business”** means the Playa Bowls Shop that Franchisee is required to develop, maintain, and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

**“Franchisee’s Shop Facility”** means the Shop Facility from which Franchisee develops, operates, and manages the Franchised Business. Franchisee’s Shop Facility must be located at a Shop Location that has been approved by Franchisor.

**“Franchisee’s Shop Location”** shall have the meaning defined and set forth in Article 2.A. of this Agreement. Franchisee’s Shop Location must be designated in accordance with Schedule 1 of this Agreement and must be approved by Franchisor, in Franchisor’s Reasonable Business Judgment.

**“Franchisor’s Reasonable Business Judgment”** means, and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, Playa Bowls Shops and/or the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions and/or taking actions in Franchisor’s Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor’s profits, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Playa Bowls Shops, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor’s Reasonable Business Judgment that such decision, determination, action, or choice shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor’s Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor’s profits; (b) Franchisor shall not be required to consider Franchisee’s individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor’s obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall

substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"GAAP" means United States Generally Accepted Accounting Principles.

"Gift Cards" means any and all gift cards, vouchers, receipts, cards, and other record of a pre-paid purchase transaction or credit that Franchisor authorizes or designates concerning a Playa Bowls Shop.

"Gross Sales" means the total dollar sales from all business and customers of the Franchised Business and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business, Franchisee's Shop Location, and/or Franchisee's Shop Facility whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues, receipts, and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Designated Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated at Franchisee's Shop Location, at Franchisee's Shop Facility, within the Designated Territory, outside the Designated Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee's operation of a Competitive Business and/or the operation of a Playa Bowls Shop outside of the Designated Territory). Gross Sales do not include (a) sales taxes that Franchisee collects and remits to the proper taxing authority, and (b) authorized promotional discounts that Franchisee provides to Shop customers.

"Immediate Family Member" means the spouse of a person and any other member of the household of such person, including, without limitation, children, and grandchildren of such person. Immediate Family Members shall further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee, if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

"IP Claim" shall have the meaning defined and set forth in Article 11.E. of this Agreement.

"Know-How" means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Playa Bowls Shop including, but not limited to, methods, techniques, recipes, specifications, food preparation, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"Lease Agreement Rider" means the form of Lease Agreement Rider attached to this Agreement as Exhibit 4.

"Licensed Marks" means the trademarks, service marks, indicia of origin, including the "Playa Bowls" trademark, the Playa Bowls logo, Trade Dress, and other trademarks, service marks, logos, slogans and designs authorized by Franchisor in connection with the identification of Playa Bowls Shops and the Approved Products and Services, provided that such trade names, trademarks, service marks, logos and

designs are subject to modification, replacement and discontinuance by Franchisor at any time in Franchisor's Reasonable Business Judgment.

**"Management Service Fees"** shall have the meaning defined and set forth in Articles 7.J. and 14.D. of this Agreement.

**"Managers"** means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers, and board members who may possess access to the Confidential Information.

**"Managing Owner"** means, if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management, and operation of the Franchised Business. The Managing Owner must possess, maintain and own not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

**"National Marketing Fund"** shall have the meaning defined and set forth in Article 9.A. of this Agreement.

**"National Marketing Fund Fee"** shall have the meaning defined and set forth in Article 9.A. of this Agreement.

**"Operating Manager"** means the Manager designated by Franchisee or Franchisee's Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee's Shop Facility) the day-to-day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor's minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor's initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

**"Operations Manual"** means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Playa Bowls Shops including, but not limited to, the policies, procedures and requirements for the development and operation of Playa Bowls Shops. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and, based on Franchisor's Reasonable Business Judgment, the Operations Manual may, among other things, designate the Approved Products and Services that must be exclusively offered and sold by the Franchised Business and, the System Supplies and designated vendors that must be exclusively used by Franchisee.

**"Operations Non-Compliance Fee"** shall have the meaning defined and set forth in Article 7.K. of this Agreement.

**"Operations Violation"** shall have the meaning defined and set forth in Article 7.K. of this Agreement.

“Owner” means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee’s Owners are identified in Schedule 2 to this Agreement.

“Owner and Spouse Agreement and Guaranty” means the form of Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

“Payment Non-Compliance Fee” shall have the meaning defined and set forth in Article 5.D. of this Agreement.

“Playa Bowls Shop(s)” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of “Playa Bowls Shops”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisees that use and/or is/are required to use the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“Post-Term Restricted Period” means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Post-Term Restricted Period” means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity.

“Prohibited Activities” shall have the meaning defined and set forth in Article 6.D. of this Agreement.

“Published Content” means any and all information, data, articles, communications, videos, and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee’s agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to, posted or distributed through Digital Media.

“Relocation Fee” shall have the meaning defined and set forth in Article 3.G. of this Agreement.

“Renewal Ancillary Agreements” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Fee” shall have the meaning defined in Article 15.B.(5) of this Agreement. The Renewal Fee is a fixed sum equal to the then current initial franchise fee.

“Renewal Franchise Agreement” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Notice” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Term” shall have the meaning defined and set forth in Article 15.A. of this Agreement.

“Reporting Non-Compliance Fee” shall have the meaning defined and set forth in Article 12.C. of this Agreement.

“Reporting Violation” shall have the meaning defined and set forth in Article 12.C. of this Agreement.

“Reputation Management Services” means the customer review, review monitoring, reporting and/or reputation management services designated by Franchisor. Franchisor, in Franchisor’s Reasonable Business Judgement, shall exclusively select the Reputation Management Services to be used by Franchisee and to determine and select the websites, social media sites, reporting services, surveys, and service platforms to be included in any evaluation and/or determination of Franchisee’s customer satisfaction or approval ratings.

“Reserved Rights” shall have the meaning defined and set forth in Article 2.D. of this Agreement.

“Restricted Territory” means the geographic area: (a) comprising Franchisee’s Designated Territory; (b) comprising a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee’s Shop Location; (c) comprising a 10 mile radius surrounding the Shop Locations for all other Playa Bowls Shops operating and/or under development as of the Effective Date of this Agreement; and (d) comprising a 10 mile radius surrounding the Shop Locations for all other Playa Bowls Shops that are in operation or under development during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area comprising Franchisee’s Designated Territory plus a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee’s Shop Location.

“Royalty and Activity Report” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Royalty Fee” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Royalty Rate” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Scheduled Business Commencement Date” means the date that occurs on the 12 month anniversary of the Effective Date of this Agreement.

“Shop Facility” means the fixed commercial shop facilities including, the fixtures and improvements, from which Playa Bowls Shops are established, operated and managed.

“Shop Location(s)” means the fixed locations from which Playa Bowls Shops are developed, operated and managed.

“Site Selection Acknowledgment” means the form of Site Selection Acknowledgment attached to this Agreement as Exhibit 3.

“Site Selection Area” shall have the meaning defined and set forth in Article 2.A.(4) of this Agreement.

“Site Selection Period” means the period of time commencing on the Site Selection Acknowledgment Date (as such date may be set forth by Franchisor, and only Franchisor, in the Site Selection



Acknowledgment) and automatically expiring 60 calendar days after the Site Selection Acknowledgment Date. If the Site Selection Acknowledgment Date is not set forth and acknowledged by Franchisor in the Site Selection Acknowledgment then, the Site Selection Period shall be zero days. If the Site Selection Acknowledgment is not signed by Franchisor, then there shall be no Site Selection Period.

“Spouse” means the legal spouse of an Owner as of the Effective Date.

“Supplemental Training” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplemental Training Fee” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplier Evaluation Fee” means the fee determined by Franchisor, in Franchisor’s Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor’s consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

“System” shall have the meaning defined in the “Recitals” section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term “System”, System shall be defined to further include and mean: (a) the Approved Products and Services, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Playa Bowls Shop; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Playa Bowls Shop; (f) the Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

“System Supplies” means, as designate by Franchisor, those ingredients, food products, beverages, packaging materials, and supplies including, but not limited to, acai, pitaya, mango, coconut, granola, juices, and toppings, used to prepare menu items and Approved Products and Services, and, as designated by Franchisor, all other supplies and equipment including, but not limited to, branded packaging, paper goods, materials, uniforms, displays, menu boards, merchandise, furniture, fixtures, and equipment designated by Franchisor in the Operations Manual and as may be modified and supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment, as being required for the development and operation of the Franchised Business.

“System Website” means the web page and pages located on the world wide web at the [www.playabowls.com](http://www.playabowls.com) URL and shall further include all webpages and subdomains, including those that are franchisee and/or geography specific, that are a part of [www.playabowls.com](http://www.playabowls.com), or as designated by Franchisor being associated with the URL of [www.playabowls.com](http://www.playabowls.com) and/or Playa Bowls Shops.

“Technology Fee” shall have the meaning defined and set forth in Article 5.C. of this Agreement.

“Term” means the period of time set forth and defined in Article 2.B. of this Agreement, and the Renewal Term if Franchisee invokes Franchisee’s renewal rights in accordance with the terms of this Agreement.

“Third Party Ordering / Delivery Services” means businesses, Corporate Entities and individuals other than Franchisor or Franchisee, that offer and provide, in whole or in part, food delivery services, E-Commerce, and/or online ordering services.

“Trade Dress” means the Playa Bowls Shop designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

“Training Program” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Transfer” means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owner’s interests and/or voting rights in Franchisee.

“Transfer Fee” shall have the meaning defined in Article 14.C.(11) of this Agreement. The Transfer Fee is a fixed sum of \$10,000.

## **ARTICLE 2**

### **SITE SELECTION, PLANS AND CONSTRUCTION**

#### **2.1 Your Responsibility to Locate a Site**

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Shop within the Designated Territory, and for constructing and equipping the Shop at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Shop unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Shop is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing, unless we designate a supplier for these services; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Shop operated at that site will be profitable or otherwise successful.

#### **2.2 Site Selection**

~~2.2.1~~ If you do not already have possession of a location that we have accepted upon your execution of this Agreement, then within 180 days of the date this Agreement is executed you shall locate a site for the Shop that satisfies the site selection guidance and advice provided to you by us pursuant to Article 5.1 and submit to us in the form specified by us a description of the site together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have 30 days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for the Shop. We may, if we determine it is necessary, conduct one on-site evaluation of the proposed location for the Shop. If we conduct an on-site evaluation, you must pay our then current per diem fee for each day of the evaluation, and you must reimburse our representative's expenses while conducting the evaluation, including travel, lodging and meals. No site may be used for the location of the Shop unless it is first accepted in writing by us. You acknowledge and agree that our acceptance of a location for the Shop is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Shop will be profitable. Our acceptance of a location for the Shop only signifies that the location meets our then current minimum criteria for a Playa Bowls Shop. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion. If you are unable to locate a site for your Shop within 180 days after this Agreement is executed, we may terminate this Agreement.

~~2.2.2~~ If you elect to purchase the premises for the Shop, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within 10 days after execution. If you will occupy the premises of the Shop under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within 10 days after execution. No lease or sublease for the Shop premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have 10 days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution. If we do not provide our specific approval of the lease, sublease or contract of sale within this 10 day period, then it shall be deemed not accepted.

~~2.2.3~~ After we have accepted the location for your Shop and that Accepted Location is acquired by you pursuant to this Agreement, the Accepted Location and your Designated Territory shall be described in Attachment 1.

### ~~2.3~~ **Zoning Clearances, Permits and Licenses**

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Accepted Location. Prior to beginning the construction of the Shop, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Shop, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect (or provide us with a

certificate of insurance evidencing coverage) and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

#### **2.4 Design of Shop**

You must obtain any architectural, engineering and design services required for the construction of the Shop at your own expense from an architectural design firm approved or designated by us. You shall adapt the prototypical architectural and design plans and specifications for construction of the Shop provided to you by us in accordance with Article 5.3 as necessary for the construction of the Shop and shall submit such adapted plans to us for our review. Such plans must comply with applicable laws (including the Americans with Disabilities Act), ordinances and building codes for the city and state in which the Shop will be located. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within 10 days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within 10 days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application, or that such plans comply with any laws, ordinances or building codes applicable to the Accepted Location.

#### **2.5 Build-Out of Shop**

You shall commence and diligently pursue construction or remodeling (as applicable) of the Shop. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Shop. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than 30 days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Shop. You acknowledge and agree that you will not open the Shop for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement and your certification to us, in the form attached hereto as Attachment 8, that the Shop has been constructed in compliance with the Americans with Disabilities Act.

## 2.6 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Shop and commence business not later than nine months after the Effective Date. The date the Shop actually opens for business to the public is herein called the “Opening Date”. Prior to opening, you shall complete all exterior and interior preparations for the Shop, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Articles 6.2 through 6.6, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Article 17.1.3(e), we shall have the right to prohibit you from commencing business. Prior to opening the Franchised Business, and before any renovation to the Franchised Business, you shall execute an Americans with Disabilities Act Certification in the form attached to this Agreement as Attachment 8 that certifies in writing to us that the Franchised Business and any proposed renovations comply with the Americans with Disabilities Act. If you are unable to open your Shop within the timeframe required herein, we may terminate this Agreement.

## GRANT OF FRANCHISE

### 2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a Playa Bowls Shop from a fixed Shop Location located within a specified territory. Relying on the representations made by Franchisee and/or Franchisee’s Owners in any submitted application and during the application process and subject to the terms and conditions of this Agreement, Franchisee’s request has been approved by Franchisor, subject to each of the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate, one Playa Bowls Shop in conformity with the System and this Agreement from a single fixed shop location, selected by Franchisee but requiring the approval of Franchisor (“Franchisee’s Shop Location”) and, as designated by Franchisor in Franchisor’s discretion and Reasonable Business Judgment, within a Designated Territory.

(2) If, as of the Effective Date, Franchisee has selected a proposed Shop Location that Franchisor approves as Franchisee’s Shop Location, then Franchisee’s Shop Location and Designated Territory, if any, shall be identified in Schedule 1 of this Agreement. To be effective, Schedule 1 must be completed and signed by Franchisor. Franchisee’s execution of Schedule 1 with a specific location for Franchisee’s Shop Location shall constitute Franchisee’s obligation to develop and operate the Franchised Business at the designated Franchisee Shop Location.

(3) If, as of the Effective Date, Franchisee has not selected a proposed Shop Location, and/or has not obtained Franchisor’s approval of the proposed Shop Location, and/or Schedule 1 to this Agreement is left incomplete or is not signed by Franchisor, Franchisee must locate, identify and secure a Shop Location for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor’s approval of Franchisee’s Shop Location. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee’s proposed Shop Location, such approval must be in writing and must be evidenced by Franchisor’s execution of

Schedule 1 with a specific Shop Location designated and identified in Schedule 1. At the time of executing a completed Schedule 1 and, thereby, approving Franchisee's proposed Shop Location, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, shall designate and determine Franchisee's Designated Territory.

(4) If, as of the Effective Date or other appropriate periods after the Effective Date, Franchisee has not selected a proposed Shop Location that is approved by Franchisor but, Franchisee has identified an area in which Franchisee may look to secure a shop location for the Franchised Business, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may enter into the Site Selection Acknowledgment attached to this Agreement as Exhibit 3. If executed by Franchisor, within the Exhibit 3 Site Selection Acknowledgment, Franchisor shall designate a geographic area (the "Site Selection Area") within which Franchisor, during the Site Selection Period, shall not, on behalf of any third party, approve any new Shop Location. Franchisee agrees that the Site Selection Acknowledgment does not constitute Franchisor's approval of a proposed Shop Location, does not constitute Franchisor's designation of Franchisee's Designated Territory, does not afford Franchisee any territorial rights in or to the Site Selection Area, and does not extend and/or modify any obligation on the part of Franchisee to timely secure an approved Shop Location in accordance with the terms of this Agreement.

(5) At all times, Franchisee's rights in and to the real property and the business premises of Franchisee's Shop Location shall be subordinate and subject to Franchisee's and Franchisee's landlord's agreement to and execution of the Shop Location Lease Agreement Rider attached to this Agreement as Exhibit 4, and Franchisee's agreement and execution of the Collateral Assignment of Lease attached to this Agreement as Exhibit 5.

(6) Franchisee may only offer and sell the Approved Products and Services from Franchisee's Shop Location in accordance with the requirements set forth in the Operations Manual and only to retail customers for: (a) on-premises dining and consumption at Franchisee's Shop Location; (b) in-person carryout from Franchisee's Shop Location; (c) delivery within Franchisee's Designated Territory; and (d) catering to customers located within Franchisee's Designated Territory.

(7) Unless otherwise expressly permitted and authorized by Franchisor and, as such permission and/or authorization may be revoked, suspended, and/or modified by Franchisor in Franchisor's Reasonable Business Judgment, Franchisee shall not directly or, indirectly, such as through third party vendors or delivery services, deliver Approved Products and Services to customers located outside Franchisee's Designated Territory.

(8) Franchisor, in Franchisor's Reasonable Business Judgment and for any reason or no reason at all, may prohibit Franchisee from soliciting customers located outside Franchisee's Designated Territory.

(9) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will establish or operate, or grant a franchise to any third party to establish a Shop using the Licensed Marks and System at a Shop Location that is located within Franchisee's Designated Territory (provided that a Designated Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement) but excluding Closed Markets.

(10) The foregoing rights granted in this Article 2.A. are subject to and contingent on the terms and conditions of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights. Without limitation to the foregoing, Franchisee agrees that Franchisee, without any compensation to Franchisee, may face competition from other Playa Bowls Shops and distribution

channels including, but not limited to: (a) Shops that are located within Closed Markets and/or located adjacent to and/or within a close proximity to Franchisee's Shop Location or Designated Territory; (b) the sale of Approved Products and Services to customers located within and outside Franchisee's Designated Territory through Alternative Channels of Distribution; (c) the sale of Approved Products and Services to customers located within and outside Franchisee's Designated Territory through E-Commerce; (d) the delivery of Approved Products and Services within Franchisee's Designated Territory by other Shops and/or System Franchisees through Third Party Ordering / Delivery Services; and (e) from all other marketing, sales, distribution, and delivery rights, restrictions, and/or other obligations otherwise set forth in this Agreement. Although Franchisor may disapprove of any marketing medium that is distributed and/or reaches inside or outside of Franchisee's Designated Territory, Franchisor is not obligated to do so.

## **2.B. TERM**

Unless sooner terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 consecutive years, commencing from the Effective Date (the "Term").

## **2.C. GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS**

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and deliver to Franchisor the Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

## **2.D. RESERVATION OF RIGHTS**

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, Playa Bowls Shop and/or other shops using the System and Licensed Marks at locations outside Franchisee's Designated Territory; (b) acquire, be acquired, develop, or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses and/or the same as or similar to the Franchised Business, and after such acquisition, development, merger, and/or affiliation to own and operate and to franchise or license others the right to own and operate and to continue to own and operate such businesses, including Competitive Businesses and businesses that are the same as or similar to the Franchised Business within Franchisee's Designated Territory, but not using the Licensed Marks; (c) use the Licensed Marks and System to distribute the Approved Products and Services or products and services similar to the Approved Products and Services including, but not limited to, merchandise, sauces, seasonings, flavorings, frozen menu items, prepackaged menu items, and prepared menu items, in and through Alternative Channels of Distribution within and/or outside Franchisee's Designated Territory; (d) operate and grant to others the right to operate a Playa Bowls Shop at Captive Markets, both within and outside Franchisee's Designated Territory; and (e) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

## **2.E. MODIFICATION OF SYSTEM**

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter and/or amend the System. Franchisee shall promptly comply with all such modifications to the System whether such modification(s) results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated in writing by Franchisor to Franchisee, including, but not limited to, modifications, updated,

amendments, and changes made by Franchisor to the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

## **2.F. CORPORATE ENTITY OWNERSHIP**

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

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## **ARTICLE 3 ~~TERM AND RENEWAL~~**

### ~~3.1 Term~~

~~Unless sooner terminated as provided under the terms of this Agreement, the term of this Agreement shall be a period of 10 consecutive years, commencing on the Effective Date ("Initial Term").~~

### ~~3.2 Renewal~~

~~If you satisfy each of the requirements set forth below, you may renew this Agreement for one additional term of 10 years.~~

~~3.2.1 You shall have been, throughout the initial term of this Agreement (and any previous and then current renewal term, as the case may be), in substantial compliance, and at the expiration of such Initial Term (and any previous and then current renewal term, as the case may be) are in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us.~~

~~3.2.2 You shall, within six months before the expiration of the Initial Term or then current renewal term, as the case may be, but not later than three months before the expiration of the Initial Term or then current renewal term, as the case may be, provide written notice to us that you wish to renew this Agreement, and we, in turn, shall provide you with any documents that you are required to execute for the renewal term, which documents may include, but are not limited to, a general release, our then current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of Playa Bowls franchises (all of which will contain terms and fees substantially the same as those included in Franchise Agreements being executed at the time of renewal, and which will not obligate you to pay a further initial franchise fee) (the "Renewal Franchise Documents").~~

~~3.2.3 You shall execute the Renewal Franchise Documents and all other documents and instruments that we require in order to renew this Agreement. You shall return the executed Renewal Franchise Documents to us, together with payment of a renewal fee equal to our then current initial franchise fee under our then current Franchise Agreement, by no later than the expiration date of the Initial Term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further~~



rights under this Agreement, and you shall comply with the provisions of Article 18 and any other provisions that survive termination or expiration of this Agreement.

3.2.4 After we have received from you all executed Renewal Franchise Documents and the renewal fee, we shall inspect your Shop to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Shop in order to bring the Shop up to our then current image and standards for new Playa Bowls Shops. We will provide notice to you of the modifications you shall be required to make, and you shall have six months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we shall have the right to terminate the Renewal Franchise Documents.

### **3.3 Refusal to Renew Franchise Agreement**

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Accepted Location is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

### **3.4 Renewal Under Law**

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the applicable law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the then current Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

### **3.5 Your Election Not to Renew**

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the Franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the Renewal Franchise Documents required by us for a renewal franchise, together with payment of our then current renewal fee, or if you provide written notice to us within the final 60 days of the Initial Term or then current renewal term, as the case may be, indicating that you do not wish to renew this Agreement.

## **ARTICLE 4**

## **FEES RESTAURANT LOCATION, DEVELOPMENT, AND OPERATIONS**

### **3.A. RESTAURANT LOCATION**

Franchisee shall develop, operate and manage the Franchised Business from a Shop Facility that is developed and established at a Shop Location, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Shop Location; (e) is approved by Franchisor as Franchisee's Shop Location; (f) is timely secured by Franchisee within 180 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; (h) is located within the Designated Territory, if Franchisor previously designated and approved, in writing, a Designated Territory; and (i) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

If Franchisor, in Franchisor's Reasonable Business Judgment, determines necessary, Franchisor may conduct one on-site evaluation of the proposed site for Franchisee's Shop Location. Franchisee will not lease, purchase or otherwise acquire a proposed Shop Location until such information as Franchisor may require as to the proposed Shop Location has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement including, but not limited to, Article 2.A. of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Shop Location within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Shop Location. If Franchisor rejects or disapproves Franchisee's proposed Shop Location, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Shop Location within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Shop Location shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Shop Location is not and does not constitute a representation or warranty by Franchisor of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Shop Location. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate a Shop Location for the Franchised Business, to assist Franchisee in the selection of a suitable Shop Location for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of a Shop Location. If Franchisee leases Franchisee's Shop Location, Franchisee must use Franchisee's best efforts to ensure that the landlord signs the Lease Agreement Rider that is attached to this Agreement as Exhibit 4. If Franchisee's landlord refuses to sign the Lease Agreement Rider in substantially the same form as the attached Exhibit 4, such refusal may constitute grounds upon which Franchisor refuses to approve Franchisee's proposed Shop Location or withdraws such approval.

### **3.B. RESTAURANT DEVELOPMENT**

Franchisee shall develop and construct Franchisee's Shop Facility and Shop Location in accordance with Franchisor's standards and specifications and using only those types of construction materials, decorating materials, furniture, fixtures, equipment, trade dress signs, suppliers, advisors and contractors that Franchisor has approved in the Operations Manual, in supplements to the Operations Manual or as Franchisor otherwise designates and approves of in a writing specifically directed to Franchisee and signed by Franchisor.

Franchisee's Shop Facility and Franchisee's Shop Location must be constructed and established in accordance with Franchisor's plans and specifications. Franchisor shall provide Franchisee with Franchisor's generalized prototype plans and specifications. Prior to constructing, equipping and building out Franchisee's Shop Facility and Franchisee's Shop Location, Franchisee shall:

(1) Prepare and submit to Franchisor for approval, which approval, specific plans and specifications prepared by the design consultants designated or approved by Franchisor and hired by Franchisee, at Franchisee's sole expense, whereby such plans and specifications are prepared specifically for Franchisee's Shop Facility and Franchisee's Shop Location and shall reflect and comply with Franchisor's generalized plans and specifications and otherwise satisfy the specifications and requirements set forth in the Operations Manual. If Franchisor determines, in Franchisor's Reasonable Business Judgment, that any plans are not consistent with Franchisor's prototype plans and specifications, Franchisor may prohibit implementation of the plans and disapprove the plans;

(2) Obtain all required building, utility, sign, health, sanitation, liquor (if the System Products and Service include and permit the sale and service of alcohol), and business permits and licenses, and any other required permits and licenses;

(3) Construct all required improvements to Franchisee's Shop Location, purchase and install all required furniture, fixtures and equipment and decorate the premises in compliance with the plans and specifications approved in writing by Franchisor and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

(4) Provide Franchisor timely written reports regarding the process of construction and remodeling in compliance with Franchisor's then current specifications; and

(5) Establish filing, accounting, and inventory control systems, conforming to the requirements prescribed by Franchisor, if any. \_\_\_\_\_

At all times, in the construction and operation of the Franchised Business, Franchisee shall exclusively install, use, attach, maintain, replenish, and replace only those types of construction and decorating materials, furniture, fixtures, equipment, and signs that Franchisor has approved or designated in the Operations Manual for Playa Bowls Shops as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee only may purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture, and signs from any supplier approved or designated by Franchisor, which may include Franchisor and Franchisor's affiliates.

### **3.C. RESTAURANT OPENING**

Franchisee must develop and open the Franchised Business to the public and, commence the day-to-day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, Franchisee agrees that prior to opening the Franchised Business to the Public, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations set forth by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; and (d) obtained Franchisor's written consent to open.

### **3.D. RESTAURANT OPERATIONS**

At all times, the Franchised Business shall: (a) be exclusively operated from Franchisee's Shop Location approved by Franchisor; (b) be exclusively operated from a Shop Facility approved by Franchisor; (c) exclusively offer and sell the Approved Products and Services as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (d) ensure that the Approved Products and Services are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor, in Franchisor's Reasonable Business Judgment and as may be modified and supplemented by Franchisor from time to time; (e) exclusively use, maintain and stock in inventory the System Supplies in such quantities and as designated by Franchisor, in Franchisor's Reasonable Business

Judgment, and as modified by Franchisor from time to time; (f) exclusively purchase the System Supplies from the suppliers and vendor(s) approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (g) participate in all online and Digital Media ordering programs as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified by Franchisor from time to time; (h) exclusively use, if at all permitted by Franchisor, Third Party Ordering and/or Delivery Services in accordance with Franchisor's standards and specifications; (i) comply with all pricing and promotion requirements as designated by Franchisor in accordance with Article 3.E., below; (j) issue, sell, redeem, honor, and accept, without the offset to any fees due to Franchisor, all Gift Cards designated by Franchisor and participate in, offer, redeem, and honor, without the offset to any fees due to Franchisor, all Gift Card and customer loyalty programs designated by Franchisor and in accordance with the rules and regulations adopted by Franchisor and as may be modified by Franchisor from time to time in Franchisor's Reasonable Business Judgment; (k) maintain openings and operating hours in conformity with Franchisor's then current standards and requirements, as designated by Franchisor in Franchisor's Reasonable Business Judgment, respecting, among other things, days, hours, and time of Shop operations and service offered to the public, and days, times, and holidays for opening and closing; and, without limitation to the foregoing; and (l) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment. At all times Franchisee must maintain the necessary licenses and permits and those licenses and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business.

Franchisee agrees that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, ingredients, supplies, inventory, uniforms and/or accessories, Franchisee shall only utilize the System Supplies as designated by Franchisor and only from those suppliers approved by Franchisor. Franchisee agrees that in many instances Franchisor and/or Franchisor's affiliates may be or may become the exclusive supplier of System Supplies.

Notwithstanding anything contained in this Article 3.D. or otherwise in this Agreement, Franchisee agrees that Franchisor possesses the right and discretion, in Franchisor's Reasonable Business Judgment, to grant other System franchisees and Playa Bowl Shops variances from System standards, menu item offerings, ingredients, supply chain requirements, and operational requirements for the purpose of accommodating local or regional consumer preferences, supply chain availability, and/or operational conditions and that Franchisor may do so without affording similar variances or rights to Franchisee.

### **3.E. PRICING AND PROMOTIONS**

Where permitted by applicable law and, to the fullest extent permitted by law, Franchisor reserves the right to designate and establish, maximum, minimum, promotional, and other pricing requirements that Franchisee must comply with respecting prices charged to customers of the Franchised Business and promotions that Franchisee may and/or must offer to customers of the Franchised Business. Franchisee agrees that Franchisor's pricing and promotion requirements may change from time to time and may vary depending on geography (towns, cities, states, regions) and other factors designated by Franchisor including, Franchisor's designation of any local, regional, or national promotional campaigns. Franchisee agrees that Franchisor's pricing and promotional requirements may directly or indirectly impact Franchisee's Shop and that Franchisor may designate specific pricing to be included in advertisements and promotional materials. Franchisee agrees that nothing contained in this Article 3.E. shall be deemed a representation by Franchisor that if Franchisee follows Franchisor's pricing or promotion requirements that Franchisee will generate a profit. Franchisee agrees that pricing and/or promotional requirements designated by Franchisor may or may not optimize the revenues or profitability of Franchisee's Shop. Franchisee waives any and all claims related to Franchisor's establishment of prices charged and/or promotions offered at Franchisee's Shop. At all times, Franchisee agrees to inform Franchisor of all prices

charged for menu items and all services and/or products offered and sold by Franchisee's Shop and to inform Franchisor of any modifications of Franchisee's prices and/or promotional offerings.

### **3.F. BUSINESS MANAGEMENT SYSTEM**

Franchisee shall exclusively use the Business Management Systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented or replaced by Franchisor from time to time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, licensed or operated by third party suppliers, Franchisee shall purchase, license and maintain such Business Management System and/or systems from such third party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. Franchisor may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor. Franchisee shall provide Franchisor with internet and complete remote access to such systems.

Franchisee is responsible for initial license fees, training fees and continuing monthly license fees required for use of the Business Management System as specified by Franchisor in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee must complete training, purchase, and license the Business Management Systems no later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Supplementing the foregoing, Franchisee agrees that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

(1) Franchisee shall use the Business Management System and the Business Management System Data for the exclusive benefit of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;

(2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement. Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;

(5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System;

(6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and

suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management Software;

(7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, utilize, or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;

(8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential, and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management System Data and to prevent the unauthorized access or use; and

(9) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

### **3.G. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS**

As between Franchisor and Franchisee, Franchisee agrees that Franchisor is the absolute owner of the Digital Media. Franchisee shall not use, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to use the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Business Judgment.

In the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

### **3.H. RESTAURANT RELOCATION**

To the extent that Franchisee wishes to relocate the Franchised Business and, thereby, Franchisee's Shop Location and Franchisee's Shop Facility, Franchisee must obtain Franchisor's prior written consent, which Franchisor may refuse in Franchisor's Reasonable Business Judgment, and pay Franchisor the relocation fee equal to the actual costs and expenses incurred by Franchisor in connection with the relocation of the Franchised Business (the "Relocation Fee"). Franchisee agrees that if Franchisor does consent to the relocation of the Franchised Business, that Franchisor may condition Franchisor's consent to Franchisee's relocation request on requirements imposed by Franchisor which may include, among other things: (a) that the proposed Shop Location meet and satisfy Franchisor's then current standards for Shop Locations; (b) that the proposed Shop Facility meet and satisfy Franchisor's then current standards for Shop Facilities; (c) that the proposed Shop Facility be constructed and established in accordance with Franchisor's current standards and specifications; (d) that the proposed Shop Location be located within Franchisee's Designated Territory; (e) that the proposed Shop Location (even if it is located within the Designated Territory) not be within a close proximity to the Designated Territory and/or Shop Location of another Playa Bowls Shop; and (f) that, as to the proposed Shop Facility and proposed Shop Location, Franchisee satisfy the terms and conditions set forth in this Agreement for Shop Facilities, and Shop Locations including, but not limited to, the requirements set forth in Articles 2.A. and 3.B. of this Agreement. Additionally, as a condition of Franchisor's approval of Franchisee's relocation request, at the election of Franchisor in Franchisor's Reasonable Business Judgment, Franchisor may require Franchisee sign the then current Franchise Agreement and pay the then current initial franchise fee that is prorated to provide a credit based on the number of years remaining on the Initial Term of your original Franchise Agreement. Franchisee agrees that Franchisor possesses sole discretion as to whether or not Franchisor approves of Franchisee's relocation request.

## **ARTICLE 4**

### **TRAINING AND OPERATING ASSISTANCE**

#### **4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING**

(1) Within 30 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner, one designated general Operating Manager, and one designated employee must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, one designated general Operating Manager, and one designated employee, with Franchisor's Training Program. If Franchisee would like more than three individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of \$1,000 per additional person per day attending Initial Training (the "Additional Initial Training Fee"). Additional Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

Prior to opening and commencing the operations of the Franchised Business, the Managing Owner, and other personnel as designated or determined by Franchisor, must attend and successfully complete the

Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. Following completion of the Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisor's standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

In addition to the Training Program, Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner, designated general Operating Manager, and any other personnel designated or determined by Franchisor must maintain certifications from an approved food safety and handling program, ServSafe or other similar program. Franchisee is responsible for all costs Franchisee incurs in attending training and obtaining certification including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner, and Operating Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay all costs and expenses incurred by Franchisee and, those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and, satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Shop Location or, as elected by Franchisor, remotely through online web based conferencing (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of \$400 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the "Supplemental Training Fee"). Franchisee agrees that in each instance where Franchisee hires a new Operating Manager, and/or Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee is not satisfying and/or meeting Franchisor's operational standards, then, Franchisor may require that Franchisee, and/or, as applicable, Franchisee's Operating Manager participate in and, successfully complete, Supplemental Training pay the Supplemental Training Fees designated by Franchisor. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

(5) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.



#### **4.B. OPERATING ASSISTANCE**

From time to time and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

- (1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;
- (2) Establishing and communicating Approved Products and Services and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Products and Services including, but not limited to, additions, deletions, and/or changes to the Approved Products and Services;
- (3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;
- (4) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;
- (5) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;
- (6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and
- (7) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

#### **4.C. OPERATIONS MANUAL**

Franchisor shall provide Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for Playa Bowls Shops. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, the Approved Products and Services, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement, and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual and, shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in

Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in the Operations Manual. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Products and Services and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and, in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or, as Franchisor may otherwise designate in writing.

## ARTICLE 5

### FEES

#### 4.1

##### 5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee

—You shall pay to us an initial franchise fee") of \$35,000 which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed Initial Franchise Fee is fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party and shall be fully non-by Franchisor upon execution of this Agreement and is not refundable.

##### 4.5.B. ROYALTY FEES

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee") in an amount equal to 6% (the "Royalty Rate") of Franchisee's monthly Gross Sales. The Royalty Fee shall be calculated on a monthly basis for each respective monthly Accounting Period and shall be otherwise subject to the terms of this Agreement. The Royalty Fee during any Renewal Term shall be determined by Franchisor but shall not be less than the Royalty Fee and Royalty Rate set forth in this Agreement.

On-Going Obligation: The Royalty Fee is an on-going obligation due from Franchisee to Franchisor, is payable in United States Dollars and, as designated by Franchisor, is to be calculated and paid monthly (unless another recurring Accounting Period is designated by Franchisor) on the Gross Sales for the previous monthly Accounting Period for each and every month throughout the Term of this Agreement and any applicable renewal term.

Payment and Due Date: Royalty Fee payments will be paid monthly and sent by ACH, electronic funds transfer, or as otherwise designated by Franchisor and shall be due on the 10th of each monthly Accounting Period (for the preceding month and each month thereafter throughout the entire Term of this Agreement) or such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date")(the term Due Date is further defined in Article 1 of this Agreement).

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor's designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor's direct withdrawal and/or electronic transfer of sums from Franchisee's designated business bank account, for the on-going payment of Royalty Fees, and other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor's current ACH Authorization that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 7. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Royalty and Activity Reports: On the Due Date each week, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding monthly Accounting Period (the "Royalty and Activity Report"). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

#### **5.C. OTHER FEES**

As designated by Franchisor in this Agreement, the Operations Manual, or otherwise, Franchisee shall pay to Franchisor and/or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fee – Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable Technology Fee. Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right, at any and all times throughout the Term of this Agreement, to implement and charge Franchisee a monthly Technology Fee in an amount designated by Franchisor but provided that such monthly fee does not exceed \$450 per month. The Technology Fee is a general administrative fee and is not connected to any particular service. The Technology Fee shall be paid to Franchisor each and every month on the Due Date.

#### **(2) Royalty Fees**

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee in an amount equal to 6% of your monthly Gross Sales ("Royalty Fee"). Such Royalty Fee shall be due and payable on the 10<sup>th</sup> of each month based on the Gross Sales for the preceding calendar month, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each Royalty Fee shall be calculated by us based on the Gross Sales for the preceding calendar month and any other reports required hereunder. You shall provide us with independent access to your computer system, point of sale system and software as detailed in Article 7.5.8 herein which shall provide us with the ability to electronically inspect and download the data collected and maintained therein.

4.2.3 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

~~4.3~~ ~~) National Marketing Fund Fee – Franchisee shall pay to Franchisor, Franchisor’s affiliates,~~  
~~or~~

~~4.3.1~~ In addition to the Royalty Fee described in Article 4.2 above, you agree to pay to us a national marketing fund fee in an amount equal to up to 3% of the Shop’s Gross Sales (“National Marketing Fund Fee”). Such amount shall be contributed to a National Marketing Fund maintained by us, as described in Article 8.3 below. If the National Marketing Fund has not yet been established when this Agreement is executed by you and us, then you shall begin paying the National Marketing Fund Fee upon 30 days’ advance notice from us that the National Marketing Fund has been established. The national marketing fund fee is payable to us at the same time and in the same manner as the Royalty Fee. Upon notice to you we may modify and change the rate applicable to calculation of the National Marketing Fund Fee, provided that the National Marketing Fund Fee does not exceed 3% of the Shop’s Gross Sales.

~~4.3.2~~ We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the National Marketing Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the National Marketing Fund does not in any manner diminish or eliminate your obligation to pay the National Marketing Fund Fee.

#### ~~4.4~~ ~~Payments to Us~~

~~By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account by electronic funds transfer (“EFT”) in the amount of the Royalty Fee, National Marketing Fund Fee, and any other payments due to us and/or our affiliates. If we are unable to download the required Gross Sales data from your computer system, point of sale system and software, we may debit your account for 120% of the last Royalty Fee and National Marketing Fund Fee that we debited. If the Royalty Fee and National Marketing Fund Fee we debit are less than the Royalty Fee and National Marketing Fund Fee you actually owe to us, once we have been able to determine the Shop’s true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and National Marketing Fund Fee we debit are greater than the Royalty Fee and National Marketing Fund Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following month. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder. If payments are not received when due, interest may be charged by us in accordance with Article 4.6 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.~~

#### ~~4.5~~ ~~Late Fee~~

~~If any amount you owe to us is not paid within five days of the due date then, in addition to applicable interest on the overdue amount as described in Article 4.6 below, you agree to pay to us a late fee of \$50 each time such payment is not made to us within five days of its due date.~~

#### **4.6 Interest on Overdue Amounts**

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) 18% per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

#### **4.7 Definition of Gross Sales**

“Gross Sales” shall mean the total selling price of all services and products and all income of every other kind and nature related to the Shop, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point of sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

#### **4.8 Insufficient Funds Fees**

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to \$100 and you shall reimburse us for the total amount of any bank charges incurred. This fee is in addition to late fees and interest on any overdue amount, as described in Articles 4.5 and 4.6 above, and any fees charged by your bank. If you incur three insufficient funds fees within any 12 month period, we may terminate this Agreement without providing you the opportunity to cure the default.

#### **4.9 Technology Fee**

Throughout the Term of this Agreement, you shall pay to us a continuing monthly non-refundable technology fee (the “Technology Fee”). The Technology Fee is a general administrative fee designated and determined by us to defray technology related costs that we may incur. The Technology Fee is not connected to any particular service and is administrative in nature. At all times we possess the right to implement and require that you pay to us a monthly Technology Fee in an amount determined by us but not exceeding \$450 per month.

~~4.9~~ ~~Payment of Additional Fees~~

~~You shall pay such other fees or amounts described in this Agreement.~~

~~ARTICLE 5~~  
~~OUR OBLIGATIONS~~

~~We agree to provide the services described below with regard to the Shop:~~

~~5.1~~ ~~Site Selection Guidelines~~

~~We will provide you with the site selection counseling and such site selection assistance as we may deem advisable.~~

~~5.2~~ ~~On-Site Evaluation~~

~~We will, if we deem it necessary, conduct one on-site evaluation of a site that you propose to us for your Shop, provided that we have received all required information and materials concerning such site prepared pursuant to Article 2. If we conduct an on-site evaluation, you must pay our then current per diem fee for each day of the evaluation, and you must reimburse our representative's expenses while conducting the evaluation, including travel, lodging and meals.~~

~~5.3~~ ~~Design Plans~~

~~We will provide, on loan, one set of prototypical architectural and design plans and specifications for a Shop. You shall, at your expense, have such architectural and design plans and specifications adapted for construction of the Shop in accordance with Article 2 using an architect or design that we have approved or designated.~~

~~5.4~~ ~~Confidential Operations Manual~~

~~We will provide, on loan, one set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manuals"), as more fully described in Article 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Playa Bowls Shops in the System.~~

~~5.5~~ ~~Visits and Evaluations~~

~~We will visit the Shop and evaluate the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Article 7.5.6.~~

~~5.6~~ ~~Management and Operations Advice~~

~~We will provide advice and written materials concerning techniques of managing and operating the Shop from time to time developed by us, including new developments and improvements in Shop equipment, food products and the packaging and preparation thereof, and~~

menu items. Notwithstanding the foregoing, you understand and acknowledge that we reserve the right, in our sole discretion, to grant to certain Playa Bowls Shops variances from our standard menu to accommodate regional or local tastes or ingredients. Nothing in this Agreement requires us to grant to you a similar variance.

#### ~~5.7 Products for Resale~~

~~From time to time and at our reasonable discretion, at a reasonable cost, we shall make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, and other proprietary products in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.~~

#### ~~5.8 Approved Suppliers~~

~~We will provide a list of approved suppliers as described in Article 7.4 from time to time as we deem appropriate.~~

#### ~~5.9 Initial Training Program~~

~~We will provide an initial Franchisor's designees the National Marketing Fund Fee as set forth in Article 9.A. of this Agreement.~~

(3) Point of Sale System Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees an on-going weekly, monthly, and/or per use point of sale system fee throughout the Term of this Agreement respecting Franchisee's license and use of the point of sale system as designated and specified by Franchisor, in Franchisor's Reasonable Business Judgment.

(4) Online Ordering, Customer Rewards, and Gift Card System Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to licensing and utilizing the technology systems and platforms used for facilitating, managing, and integrating online ordering, customer rewards and/or gift card processing as designated and specified by Franchisor, in Franchisor's Reasonable Business Judgment.

(5) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees, on-going weekly, monthly, and/or per use fees related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee's Shop and/or secret shopper evaluations.

(6) Annual Conference Fees – Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. **Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference.**

(7) Supplemental Training Fees – Franchisee shall pay to Franchisor all training program for up to three people, including you, your General Manager and one additional person, as well as other training programs in accordance with the provisions of Article 6.4.

~~5.10 Opening Assistance~~

~~We will provide on-site opening assistance at the Shop in accordance with the provisions of Article 6.4.~~

~~5.11 National Marketing Fund; Marketing Cooperatives~~

~~We have, will, or may establish and administer a national marketing fund and/or marketing cooperatives in accordance with Article 8.~~

~~ARTICLE 6~~

~~YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS~~

~~6.1 Use Commercially Reasonable Efforts~~

~~Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Shop so as to achieve optimum sales.~~

~~6.2 Representations of Corporate Entity~~

~~If you are a corporation, limited liability company, or partnership, you and the Principals represent, warrant and covenant that:~~

~~6.2.1 You are duly organized and validly existing under the state law of your formation;~~

~~6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;~~

~~6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Shop, unless otherwise consented to in writing by us;~~

~~6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;~~

~~6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if~~



you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment 3. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements; and

6.2.9 You and the Principals acknowledge and agree that the representations, warranties and covenants set forth above in Articles 6.2.1 through 6.2.8 are continuing obligations of you and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

### 6.3 General Manager

You shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Shop. The General Manager shall be responsible for the daily operation of the Shop and shall not be one of the Principals. You shall be required to hire an individual independent of you and who does not have an ownership interest in you to be

your General Manager. The General Manager shall, during the entire period he/she serves as General Manager, meet the following qualifications:

~~6.3.1 The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;~~

~~6.3.2 The General Manager shall devote full time and best efforts to the supervision and management of the Shop;~~

~~6.3.3 The General Manager shall be an individual acceptable to us; and~~

~~6.3.4 The General Manager shall satisfy the training requirements set forth in Article 6.4. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Article, you shall promptly (not later than seven days after the event) notify us and designate a replacement within 30 days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Shop until such replacement is so designated, such interim management to be conducted fees in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Article 6.3 shall be deemed a material event of default under Article 17.1.3(o) hereof including, but not limited to, Additional Initial Training Fees and Supplemental Training Fees.~~

#### ~~6.4 Training~~

~~You agree that it is necessary to the continued operation of the System and the Shop that your personnel receive such training as we may reasonably require, and accordingly agree as follows:~~

~~6.4.1 (a) Not later than 30 days prior to the Opening Date, up to three trainees (including you, your General Manager and one additional person) shall have completed, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Shop at such location(s) as may be designated by us. If you request that we provide our initial training program to any additional trainees, you shall pay our then current, per person training fee for each additional trainee. You shall be responsible for any and all expenses incurred by you, your General Manager and other Shop personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages.~~

~~(b) We shall determine, in our reasonable discretion, whether you and/or the General Manager have satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by the General Manager, or (c) if we in our reasonable business judgment, based upon the performance of the General Manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training at your expense, including payment of our then current training fee. If the replacement General Manager cannot complete the initial training program to our satisfaction, we have the right to terminate this Agreement. Any General Manager subsequently designated~~

by you shall also receive and complete such initial training before you will be permitted to open your Shop.

\_\_\_\_ (c) \_\_\_\_ Any manager subsequently designated by you must also receive and complete the initial training program to our satisfaction, even if this requires sending that manager to our headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training. You must also pay for all expenses you, your managers and other personnel incur for any training program, including costs of travel, lodging, meals and applicable wages. We may approve you to train replacement managers under our training program before permitting you to train your entire staff, if this Agreement is for your third or later Shop. You may not train any personnel until we have approved you as a trainer.

\_\_\_\_ 6.4.2 \_\_\_\_ If you request it, or if we deem it is necessary, we will provide one of our representatives to provide up to seven days of pre-opening and opening assistance and training around the opening of your Shop. You must pay our then current per diem fee for each day our representative spends at your Shop, and you must reimburse the out-of-pocket expenses our representative incurs, including travel, lodging and meals. If this Agreement is for your second or later Shop, we reserve the right to reduce the duration of such representative's visit or to not provide pre-opening assistance and training.

\_\_\_\_ 6.4.3 \_\_\_\_ Upon your reasonable request or if we determine that additional training or assistance is necessary, we shall, during the term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial training and assistance to your Shop personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

\_\_\_\_ 6.4.4 \_\_\_\_ We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Shop. Such training programs and seminars may be offered to you, your managers or other Shop personnel generally, and we may designate that such training programs and seminars are mandatory for you, your General Manager, or other Shop personnel. You must pay our then current per person fee for each trainee from your Shop, and you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

\_\_\_\_ 6.4.5 \_\_\_\_ Industry Certifications. In addition to our training requirements, we require you, your General Manager, managers and additional employees we designate to maintain industry certifications from an approved food safety and handling program (ServSafe or a similar program). These training and certification programs will be at your sole expense, including program fees, travel, lodging, meals and applicable wages. Recertification may be necessary based on the specific requirements of each industry certification program.

## \_\_\_\_ 6.5 \_\_\_\_ **Franchisee Meetings**

\_\_\_\_ We reserve the right to hold meetings for all franchisees and other Playa Bowls Shop operators, which meetings shall not occur more frequently than annually. We shall not be

required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your General Manager, and/or other Shop personnel. You must pay our then current per person fee for each attendee from your Shop, and you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

~~6.6~~ **(8) Non-Compliance with Laws**

~~You~~ ~~Fees – Franchisee~~ shall comply with ~~pay to Franchisor~~ all requirements ~~non-compliance~~ fees in accordance with the terms of federal, state and local laws, rules, regulations, and orders, ~~this Agreement~~ including, but not limited to obtaining the appropriate licenses and permits required by your local or state government.

~~You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.~~

~~6.7~~ **, Payment Non-Compliance with All Other Obligations**

~~You shall comply with all other requirements and perform such other obligations as provided hereunder.~~

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~~6.8~~ **Guaranty**

~~If any Principal is a married individual and the Principal’s spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 9.~~

~~ARTICLE 7~~  
**FRANCHISE OPERATIONS**

~~7.1~~ **Fees, Operations Non-Compliance with Standards**

~~You understand the importance of maintaining uniformity among all of the Shops and the importance of complying with all of our standards and specifications relating to the operation of the Shop.~~

## **7.2 Maintenance of Shop**

You shall maintain the Shop in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Shop or to provide the Shop services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Shop or its premises without our prior written approval, which shall not be unreasonably withheld.

In the event we notify you of any additions, alterations, repairs and replacements required to be made to your Shop or the Accepted Location and you fail to make such additions, alterations, repairs and replacements within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Accepted Location and make the additions, alterations, repairs and replacements, and you agree to promptly reimburse us for our expenses in so acting.

## **7.3 Remodeling and Redecorating**

To assure the continued success of the Shop, you shall, upon our request, upgrade, remodel and/or redecorate the Shop premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Shop to our then current System-wide standards and specifications. We agree that we shall not request such upgrading, remodeling and/or redecorating more frequently than every five years during the term of this Agreement, except that if the Shop franchise is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Shop premises as described herein.

## **7.4 Approved Suppliers**

7.4.1 You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at the Shop. Except as provided in Articles 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then current standards and specifications for food and

beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Shops and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

7.4.2 If you desire to purchase, lease or use any unapproved products or other items, or you desire to purchase or lease from an unapproved supplier, you shall submit to us a written request for approval of such product or supplier, or shall request the supplier itself to do so. You shall reimburse the reasonable expenses we incur related to our evaluation of the proposed product or supplier. You shall not purchase or lease any product or from any supplier until and unless such product or supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

7.4.3 You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

7.5 Operation of Shop in Fees, and Reporting Non-Compliance with Our Standards Fees.

To ensure that the highest degree of quality (9) All Other Fees and service is maintained, you shall operate the Shop in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us and only as expressly authorized by us in writing in the Manuals or otherwise in writing. You understand and acknowledge that the rights granted to you hereunder do not include the right to sell any approved menu items or products from your Shop at wholesale.

7.5.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time. Notwithstanding the foregoing, you understand and agree that we have the right, in our sole discretion, to grant to certain Playa Bowls Shops variances from

~~our standard menu to accommodate regional or local tastes or ingredients, and that nothing~~Obligations Set Forth in this Agreement ~~requires us to grant to you a similar variance.~~

~~7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, other products, materials, merchandise, supplies and paper goods that conform to our standards and specifications; to prepare all menu items— Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees all other fees, charges, and/or expenses set forth in this Agreement and in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.~~

~~7.5.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Shop, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.~~

~~7.5.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, delivery vehicles, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Shop premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of the terms of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.~~

~~7.5.6 To grant us and our agents the right to enter upon the Shop premises and any delivery/catering vehicle, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under . If no particular due date is stated in this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as then such date or dates shall be determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand. In addition, we may require you to attend remedial training at our headquarters or we may send a trainer to your Shop to provide remedial training, at your expense, which may include training or per diem fees and reimbursement of travel and living expenses~~Franchisor in Franchisor's

Reasonable Business Judgment.

~~7.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.~~

~~7.5.8 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Shop premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Shop, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain high speed internet access and/or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at such times and in such manner as we shall from time to time specify.~~

~~7.5.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices. Additionally, you are expressly prohibited from offering customer discounts for cash payments and from issuing surcharges to customers for payments made by credit card, unless we provide our prior written permission to do so.~~

~~7.5.10 To sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Playa Bowls Shop. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Playa Bowls Shops and for making timely payment to us, other operators of Playa Bowls Shops, or a third party service provider for Gift Cards issued from the Shop that are honored by us or other Playa Bowls Shop operators. We reserve the right to alter the terms and conditions of any Gift Card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.~~

~~7.5.11 To participate in our loyalty program and to issue and honor any loyalty cards that we designate or approve for the System. You agree to pay any then current fees to our approved supplier for participation in this program, and to comply with all applicable rules and procedures for such program.~~

~~7.5.12 To operate the Shop per System standards and be open for business according to the hours and days of operation as specified by us from time to time.~~



## **7.6 Proprietary Products**

You acknowledge and agree that we and our affiliates may develop for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such proprietary products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such proprietary products. Accordingly, you agree that if such proprietary products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such proprietary products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers proprietary products and other merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

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### **5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES**

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of \$150 (the "Payment Non-Compliance Fee") for each and every instance where a fee, charge, and/or obligation payable to Franchisor under this Agreement is not paid in full when due; plus (b) interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees, costs, and expenses. Additionally, if Franchisee's bank account possesses insufficient funds and/or fails to process a payment related to any fee due to Franchisor, Franchisor may charge the greater of either (i) 5% of the amount, (ii) \$50 for each instance; or (iii) the maximum amount allowed by law. The foregoing does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Nothing contained in this Article 5.D. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

### **5.E. APPLICATION OF PAYMENTS**

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

### **5.F. WITHHOLDING PAYMENTS UNLAWFUL**

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

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## **ARTICLE 6**

### **7.7 Advertising and Promotional Materials**

— You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

### **7.8 Complaints**

— You shall process and handle all consumer complaints connected with or relating to the Shop and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding \$500.00, and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Shop or equipment located in the Shop during the term of this Agreement and for 30 days after the expiration or earlier termination of this Agreement.

### **7.9 Telephone Number, Digital Media, and Website Prohibitions**

## **As used RESTRICTIVE COVENANTS AND OBLIGATIONS**

### **6.A. NECESSITY FOR RESTRICTIVE COVENANTS**

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and/or Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of Playa Bowls Shops. Accordingly, Franchisee and Franchisee's Owners and Spouses agree to comply with the restrictive covenants set forth in this Article 7.96 and throughout this Agreement.

### **6.B. RESTRICTIVE COVENANTS: KNOW-HOW**

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement and as instructed by Franchisor; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and

timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

#### **6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION**

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the Playa Bowls Shop operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

#### **6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not a Playa Bowls Shop; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and, would cause harm to Franchisor, the System and other Playa Bowls Shop franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

#### **6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article

6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

#### **6.F. IMMEDIATE FAMILY MEMBERS**

Franchisee agrees that should Franchisee circumvent the restrictive covenants and obligations of this Article 6 by disclosing Confidential Information to an Immediate Family Member that Franchisor, and the System, will be irreparably harmed. Franchisee agrees that if Franchisee or, one of Franchisee's Owners, discloses Confidential Information to an immediate family member and, the immediate family member of Franchisee or an Owner, uses the Confidential Information to engage in activities that, for Franchisee, qualify as Prohibited Activities, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor, that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information and that, therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner: (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities; and/or (b) uses or discloses the Confidential Information and/or Know-How. Franchisee may rebut the foregoing presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owners disclosed the Confidential Information and, did not permit disclosure of the Confidential Information to the family member of Franchisee or Franchisee's Owner. Franchisee agrees that the foregoing covenants, obligations, representations, and burden of proof shall also apply to Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit I.

#### **6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS**

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

#### **6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS**

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other Playa Bowls Shop franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Article 6.H. are not exclusive of any

other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

#### **6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION**

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, recipes, methods, and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of Playa Bowls Shops. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates, and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates, or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use, nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

### **ARTICLE 7**

#### **the term "Digital Media" OPERATING STANDARDS**

#### **7.A. OPERATIONS, MAINTENANCE, AND APPEARANCE**

At all times, Franchisee and the Franchised Business shall: (a) exclusively offer and sell the Approved Products and Services as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (b) exclusively operate the Shop in accordance with the standards, specifications, and operational requirements as designated by Franchisor in this Agreement, the Operations Manual, and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (c) exclusively purchase and use the System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (d) maintain a complete and updated inventory and supply of System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (e) maintain Franchisee's Shop Facility in a clean, sanitary, functional and well maintained condition and in compliance with all federal, state, and local laws, rules, regulations, and ordinances; (f) maintain, Franchisee's Shop Facility, equipment, furniture, and fixtures as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time; (g) take all requested corrective measures and actions designated and/or requested, in writing, by Franchisor and/or Franchisor's agents following on-site inspections, reviews, and/or assessments, including secret shopper programs and other announced or unannounced; and (h) maintain and satisfy, as ongoing and continuing obligations, all operational requirements set forth in this Agreement including, but not limited to, Articles 3.D. and 3.E. of this Agreement.

#### **7.B. UPDATING AND UPGRADING**

Upon written request of Franchisor, Franchisee must, as specified by Franchisor, update, remodel, redecorate, upgrade, add to, and improve Franchisee's Shop, Shop Facility, equipment, furniture, and fixtures in compliance with and satisfaction of Franchisor's then current standards and specifications as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee agrees to make such improvements, additions, and/or modifications in accordance with the instruction of Franchisor. Franchisor will not require, pursuant to this Article 7.B., such updates, remodeling and/or redecorating more frequently than every four years during the term of this Agreement, except that if the Shop is transferred pursuant to Article 14, Franchisor may request that the transferee update, remodel redecorate, upgrade, add to, and improve the Shop as described in this Article 7.B.

#### **7.C. FRANCHISOR ENTRY FOR UPDATES, UPGRADES, AND APPEARANCE REQUIREMENTS**

If Franchisee fails or refuses to initiate within 30 days after Franchisor's request, and/or fails to continue in good faith and with due diligence, any required improvement, modification, refurbishment, renovation, and/or remodel of Franchisee's Shop, then Franchisor has the right, but is not obligated, to enter upon Franchisee's Shop Facility and Franchisee's Shop Location and effect such improvement, modification, refurbishment, renovation, and/or remodel on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

#### **7.D. DAMAGE CAUSED BY CASUALTY**

If Franchisee's Shop is damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than two months after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, to restore the premises of the Franchised Business and Franchisee's Shop Facility to its original condition before casualty and otherwise in compliance with Franchisor's standards and specifications.

#### **7.E. ALTERATIONS**

Franchisee shall not make any material alterations to Franchisee's Shop Facility without Franchisor's prior written consent. Franchisee shall not replace or make any unapproved replacements of or material alterations to the fixtures, equipment, furniture, designs or signs, comprising or being a part of Franchisee's Shop Facility. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to Franchisee's Shop Facility not previously approved by Franchisor or contrary to the specifications and standards of Franchisor as contained in the Operations Manual or otherwise set forth by Franchisor. Franchisor will provide written notice to Franchisee before Franchisor makes the correction, if Franchisor elects to do so.

#### **7.F. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS**

Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as, designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed by Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational requirements shall relate and include, among other things, the Approved Products and Services, the System Supplies, System standards and service requirements as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, customer service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, Franchisor access to Business Management Systems, and, the overall operations of the Franchised Business.

#### **7.G. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS**

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the ingredients, supplies, suppliers and equipment utilized by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, and, as designated by Franchisor in the

Operations Manual and, as modified by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer and sell the Approved Products and Services, as designated and determined by Franchisor from time to time and in Franchisor's Reasonable Business Judgment, for on-premises dining and consumption at Franchisee's Shop Location, in-person carryout from Franchisee's Shop Location, delivery within Franchisee's Designated Territory, and catering to customers located within Franchisee's Designated Territory.

(2) The Franchised Business shall exclusively: (a) offer and serve the Approved Products and Services; (b) prepare and serve the Approved Products and Services in accordance with the System's standards and specifications; (c) exclusively purchase and use System Supplies purchased from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and utilize equipment, supplies, promotional materials, point of sale systems and Business Management Systems designated by Franchisor and subject to Franchisor's specifications; (e) purchase interior displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials including, but not limited to, System Supplies, as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, ingredients, goods, and supplies including, but not limited to, System Supplies, used in preparing, offering, selling, promoting, and serving the Approved Products and Services.

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by the Franchised Business.

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may from time to time modify the list of approved brands, suppliers and distributors of System Supplies and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor.

(5) Franchisor reserves the right to designate from time to time a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and Franchisor may use all amounts so received without restriction and, for any purpose, including Franchisor's profit.

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating,



assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

#### **7.H. MARKET RESEARCH AND TESTING**

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

#### **7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES**

(1) Franchisee shall secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules and obligations.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to customer and employee privacy obligations and protections and, all laws, rules, and regulations, related to the privacy and protection of customer and employee information and data and, all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Shop Location and/or Franchisee's Shop Facility: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is completely factual and, conforms to the highest standards of ethical advertising, and is in conformity with Franchisor's standards and specifications. Franchisee shall refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, Playa Bowls Shops, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, Playa Bowls Shops and/or using the Licensed Marks.



(6) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at <http://www.treasury.gov>) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

In connection with Franchisee's compliance with the terms of this Article 7.I., if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee's obligations under this Article 7.I. with Franchisor's standards and/or specifications as contained in this Agreement, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor's determination and/or resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business.

#### **7.J. MANAGEMENT OF RESTAURANT**

(1) Franchisee agrees that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. At all times, Franchisee's Playa Bowls Shop must be under the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor's Training Program and has otherwise meet the criteria and conditions for qualification as an Operating Manager. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager must also sign and agree to be bound by the terms of the Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge 10% of Gross Sales plus fees and

expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, and/or the discontinuation thereof, shall be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fee shall be immediately payable upon invoice by us.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

#### **7.K. REMEDIES FOR NON-COMPLIANCE WITH OPERATIONAL STANDARDS**

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") in the amount of: (a) \$1,000 for each and every instance / event related to an Operations Violation involving the sale of services and/or products that are not Approved Products and Services; (b) \$1,000 for each and every instance / event related to an Operations Violation involving the failure to exclusively use System Supplies, and/or Franchisor designated suppliers; and (c) \$450 for all other Operations Violation. Additionally, in each of the foregoing instances, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.K. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

### **ARTICLE 8** **INSURANCE**

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee's sole expense, on a primary rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor 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. The policy or policies must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent

contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a 20% administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

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## **ARTICLE 9**

### **BRAND DEVELOPMENT AND MARKETING**

Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.

#### **9.A. NATIONAL MARKETING FUND**

At all times during the Term of this Agreement, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a national marketing fund (the "National Marketing Fund"). The following shall apply to the National Marketing Fund at all times throughout the Term:

(1) Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the National Marketing Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "National Marketing Fund Fee"), provided, however, Franchisee will not be required to contribute more than 3% of the Gross Sales of the Franchised Business for each monthly Accounting Period;

(2) Franchisor will provide Franchisee with written notice of the percentage of Gross Sales that Franchisee is required to contribute to the National Marketing Fund. Upon such written notice to Franchisee, the percentage of Gross Sales to be paid by Franchisee to the National Marketing Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The National Marketing Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and method set forth in Article 5.B. for the payment of Royalty Fees;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the National Marketing Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the National Marketing Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the National Marketing Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the National Marketing Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The National Marketing Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Shop Location or Designated Territory;

(5) Franchisee agrees that the National Marketing Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the National Marketing Fund including expenses incurred by Franchisor for advertising, advertising councils, franchisee advisory councils, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the National Marketing Fund shall be commensurate with the amount of that time spent by such personnel on National Marketing Fund matters. Franchisor shall not use contributions to the National Marketing Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the National Marketing Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the National Marketing Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all Playa Bowls Shops to the National Marketing Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the National Marketing Fund;

(7) Playa Bowls Shops owned by Franchisor or Franchisor's affiliates are not required to pay any National Marketing Fund Fee or contribute to or make any contribution to the National Marketing Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the National Marketing Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the National Marketing Fund, and (c) Franchisor may deposit and maintain any and all funds of the National Marketing Fund Fee in Franchisor's general accounts. National Marketing Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The National Marketing Fund is not required to expend National Marketing Fund Fees in the year that they are collected and the National Marketing Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the National Marketing Fund, and Franchisor may cause the National Marketing Fund to invest any surplus for future use by the National Marketing Fund. All interest earned on monies contributed to the National Marketing Fund will be used to pay costs of the National Marketing Fund before other assets of the National Marketing

Fund are expended. A summary statement of monies collected and costs incurred by the National Marketing Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the National Marketing Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A.(8);

(9) Although Franchisor will endeavor to utilize the National Marketing Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the National Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the National Marketing Fund by Playa Bowls Shops operating in that geographic area or that any Playa Bowls Shops will benefit directly or in proportion to its contribution to the National Marketing Fund from the development of advertising and marketing materials. Franchisor may use the National Marketing Fund to promote or benefit any type of Playa Bowls Shops in the System. Franchisor may use the National Marketing Fund to promote or benefit Playa Bowls Shops located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the National Marketing Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the National Marketing Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the National Marketing Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the National Marketing Fund and marketing matters concerning the National Marketing Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third parties.

#### **9.B. LOCAL MARKETING**

On-going, and on a monthly basis, Franchisee must spend not less than 1% of Franchisee's monthly Gross Sales on the local marketing of the Franchised Business within and targeted to Franchisee's Designated Territory. On or before the 5<sup>th</sup> day of each month or, such other dates as specified by Franchisor, Franchisee shall provide Franchisor with an accurate accounting of Franchisee's local marketing expenditures, placements, activities, and metrics for the preceding monthly period or other periods as designated by Franchisor. At the request of Franchisor, Franchisee shall provide Franchisor with on-going access to any and all data and systems that record and/or report information related to Franchisee's local marketing activities and expenditures and provide Franchisor such other periodic reports and records as requested by Franchisor.

If the Franchisee's expenditures in any month and/or monthly periods designated and selected by Franchisor, do not, in aggregate, equal or exceed 1% of Franchisee's Gross Sales for the respective monthly period then Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may require that the deficiency be added as additional local marketing expenditures, over and above 1% of Franchisee's Gross Sales, that Franchisee must spend within the immediately succeeding monthly period or periods, as directed by Franchisor, or, at Franchisor's discretion, be contributed to a National Marketing Fund. All marketing of the Franchised Business by Franchisee must be pre-approved, in writing by Franchisor.

Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that:

(1) In addition to calendar year quarterly reports, Franchisee shall provide Franchisor with monthly reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor;

(2) Prior to opening the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall use only those portions of its grand opening marketing that are pre-approved by Franchisor and consistent with Franchisor's standards and specifications. Not less than 30 days prior to the opening of the Franchised Business, and continuing for 60 days following the opening of the Franchised Business, Franchisee shall spend not less than \$10,000 to market and promote the grand opening of the Franchised Business in accordance with Franchisor's standards and specifications;

(3) At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee must be directly targeted to Franchisee's Designated Territory. Franchisee shall not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting customers outside of Franchisee's Designated Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Designated Territory but reaches outside of and beyond Franchisee's Designated Territory Franchisor, in Franchisor's Reasonable Business Judgment, shall have the right to direct and require Franchisee to discontinue such marketing; and

(4) At all times, Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, Franchisee's operation of the Franchised Business, or Franchisor's sale of Playa Bowls Shop franchises.

#### **9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING**

All marketing and promotion of the Franchised Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Operations Manual or, as may be otherwise directed by Franchisor in writing from time to time.

If Franchisee wishes to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, and/or media that are not presently and expressly approved and authorized by Franchisor, Franchisee shall submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that shall be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.C. and provided that Franchisee otherwise timely responds in writing to any and all requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

#### **9.D. WAIVERS OR DEFERRALS**

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's

sole discretion and on conditions Franchisor deems appropriate, temporarily waive, or defer the obligations of Franchisee under the National Marketing Fund and/or, if applicable, Advertising Cooperative. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the National Marketing Fund and/or, if applicable, Advertising Cooperative. Under no circumstance shall Franchisor be under any obligation to grant any waiver of deferral. Franchisor may reject Franchisee's request for a waiver or deferral based on any reason or no reason at all and nevertheless grant the request of another system franchisee.

#### **9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS**

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possesses no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Products and Services through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

#### **9.F. ADVERTISING COOPERATIVE**

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisee agrees that Franchisor possesses the sole and exclusive right to designate any geographic area in which two or more Shop franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's Shop or Designated Territory is located within the geographic area of an Advertising Cooperative, franchisee must participate in and contribute to the Advertising Cooperative. Franchisee agrees to the following:

- (1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Designated Territory or Franchisee's Shop Location, Franchisee shall participate in and make such on-going financial contributions to the Advertising Cooperative, as determined by the Advertising Cooperative;
- (2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per franchisee Shop located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;
- (3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative shall be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;
- (4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's Shop location or Designated Territory, or if such Advertising Cooperative is established during the Term of this Agreement, Franchisee shall

fully participate in the Advertising Cooperative and Franchisee shall execute, at the request of Franchisor, all documents required by Franchisor and Franchisee shall become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee shall contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or, otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, Franchisee's contributions to the Advertising Cooperative shall not exceed Franchisee's local minimum marketing obligations set forth in Article 9.B. of this Agreement and Franchisee's contributions to the Advertising Cooperative shall count toward satisfaction of Franchisee's minimum local marketing obligations set forth in Article 9.B.;

(6) Franchisee shall submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative shall be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purpose set forth in this Article 9.F.;

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

(8) Shops owned by Franchisor and/or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Operations Manual which may be modified by Franchisor from time to time.

#### **ARTICLE 10**

#### **RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION**

##### **10.A. INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP**

This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisor and Franchisee are independent contractors and nothing in this Agreement is intended to, nor shall it make either party an agent, legal representative, subsidiary, joint ventures, partner, or employee of the other for any purpose. The parties' relationship is strictly a Franchisor and Franchisee relationship. At all times Franchisee, in accordance with Franchisor's brand standards, must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a Shop under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires. Franchisee shall not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee shall not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee. Franchisor and Franchisee shall not make any express or implied agreements, guaranties, or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act. Franchisor shall have no liability for any sales, use, excise, gross receipts, property, or other taxes, whether levied upon



Franchisee, the Franchised Business, or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

At all times, Franchisee will be, is, and shall remain the sole and exclusive employer of all employees of the Franchised Business. Franchisor is not a joint employer, and nothing contained in this Agreement shall be interpreted as creating a joint employer relationship. Franchisee possesses the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, paying wages to, and withholding and paying taxes for all employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors, and employees are not employees, representatives, or agents of Franchisor and shall never represent themselves as employees, representatives, or agents of Franchisor.

There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state, and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual and/or any other communications from Franchisor includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted, exclusively, for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Products and Services, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of joint employer and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

#### **10.B. INDEMNIFICATION BY FRANCHISEE**

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages arising out of, or relating to, Franchisee's Shop Facility, Franchisee's Shop Location, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement. Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

#### **10.C. INDEMNIFICATION BY FRANCHISOR**

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's Playa Bowls Shop that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C. shall survive the termination, expiration or Transfer of this Agreement.

### **ARTICLE 11**

#### **LICENSED MARKS, SYSTEM, AND INNOVATIONS**

##### **11.A. OWNERSHIP AND GOODWILL**

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Digital Media, Published Content, and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Digital Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

##### **11.B. USE OF THE LICENSED MARKS**

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise, and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

#### **11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS**

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

#### **11.D. DISCONTINUANCE OF USE OF LICENSED MARKS**

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

#### **11.E. INDEMNIFICATION OF FRANCHISEE**

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

#### **11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION**

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of Playa Bowls Shops and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, recipes, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F. from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants, and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants, and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

### **ARTICLE 12**

#### **RECORDS AND REPORTS**

#### **12.A. MAINTENANCE AND PRESERVATION OF RECORDS**

Franchisee shall maintain, preserve, and make available to Franchisor, at the request of Franchisor and on an on-going basis throughout the Term of this Agreement and for a period of three years following the expiration or termination of this Agreement, true and accurate books, accounting, receipts, financial statements, tax returns, and records relating to the operations and business of the Franchised Business. Such records shall be maintained and preserved in the form and manner requested by Franchisor and/or as prescribed by Franchisor in the Operations Manual or otherwise prescribed in writing.

#### **12.B REPORTING OBLIGATIONS**

In addition to the reporting obligations otherwise set forth in this Agreement, Franchisee agrees to the following additional reporting obligations that shall be compiled, organized, and contain all of the data and information requested by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each week, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement.

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or made available to Franchisor shall be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and must also reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee's annual financial statements and other reports related

to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and must also reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee’s annual federal, state, and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee’s agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manual.

#### **12.C. REMEDIES FOR NON-COMPLIANCE WITH RECORDS AND REPORTING**

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a “Reporting Violation”), within 14 days of Franchisor’s invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the “Reporting Non-Compliance Fee”) in the amount of \$150 for each and every failure to timely submit a report and/or record as set forth in this Article 12. The foregoing does not constitute Franchisor’s consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor’s rights and remedies as set forth in Article 16, and as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

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### **ARTICLE 13** **INSPECTION AND AUDITS**

#### **13.A. FRANCHISOR’S RIGHT TO INSPECT**

Franchisor has the right at any and all times during business hours, throughout the terms of this Agreement and without prior notice to Franchisee to inspect, evaluate, and secret shop Franchisee’s Shop. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of the Franchised Business, interview employees and customers of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

#### **13.B. FRANCHISOR’S RIGHT TO EXAMINE BOOKS AND RECORDS**

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies of all such books, statements, records and supporting documents at Franchisee’s Shop Facility. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor’s examination of Franchisee’s records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor’s costs in connection with Franchisor’s audit/examination.

**ARTICLE 14**  
**TRANSFER OF INTEREST**

**14.A. TRANSFER BY FRANCHISOR**

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part, for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion, to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any or all of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements.

**14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL**

Franchisee agrees, and Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Shop Location and Franchisee's Shop Facility, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and

(5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or

arose prior to and/or after the date of Transfer.

#### **14.C. CONDITIONS FOR APPROVAL OF TRANSFER**

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a Playa Bowls Shop, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;

(2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit I. Each owner of the transferee shall also be required to execute such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 8 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants, and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of Playa

Bowls Shops and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) Unless Franchisee has met the requirements of Article 3.E. within the five year period immediately preceding the Transfer, the transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Playa Bowls Shop Facility to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement, except that, following a Transfer that fully complies with this Article 14.C., Franchisee, each Owner, and each Spouse shall not be obligated to pay any Royalty Fees and Advertising Contributions which accrue following the date of the approved Transfer;

(10) At the transferee's expense, the transferee, and the transferee's Managing Owner, managers and/or any other applicable employees of transferee's Playa Bowls Shop must complete any training programs then in effect for franchisees of Playa Bowls Shops upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor, which is a fixed sum of \$10,000 (the "Transfer Fee");

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;



(18) The Transfer of the Franchised Business, the lease for Franchisee's Playa Bowls Shop Facility, Shop Location and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

#### **14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER**

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Shop is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Shop for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's Shop. Franchisor's appointment of a manager for Franchisee's Shop does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Shop may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Shop or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Shop. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Shop is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Shop for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's Shop. Franchisor's appointment of a manager for Franchisee's Shop does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Shop may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Shop or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Shop. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

#### **14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY**

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchisee may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

#### **14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL**

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's Shop, Franchisee's Shop Facility, and/or Franchisee's Shop Location, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's Shop, Franchisee's Shop Facility, and/or Franchisee's Shop Location for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F. right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the

terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E. of this Agreement.

## **ARTICLE 15**

### **RENEWAL OF FRANCHISE**

#### **15.A. FRANCHISEE'S RIGHT TO RENEW**

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for one additional 10 year term (the "Renewal Term"). The foregoing Renewal Term shall not be afforded to or available to Franchisee if, prior to the Effective Date of this Agreement, the Franchised Business was previously operated or developed pursuant to a prior Franchise Agreement with Franchisor or Franchisor's predecessors respecting the Franchised Business.

#### **15.B. CONDITIONS FOR RENEWAL**

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

(1) Not less than 180 days prior to the expiration of the initial Term Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;

(2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;

(3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains and has secured the legal right to remain in possession of Franchisee's Shop Facility and Shop Location through the entire Renewal Term; or (b) Franchisee has selected a proposed new Shop Location within the Designated Territory that Franchisor, at Franchisor's sole discretion, has approved in writing and that may be timely developed by Franchisee, in accordance with Franchisor's standards and specifications, for the development and operation of the Franchisee's Shop throughout the duration of the Renewal Term;

(4) Franchisee must update and/or agree to update the condition, appearance and functionality of Franchisee's Shop Facility and Franchisee's Shop Location and to otherwise modify Franchisee's Shop Facility and Franchisee's Shop Location in compliance with Franchisor's specifications and standards then applicable for new Playa Bowls Shops;

(5) Franchisee pays the Renewal Fee and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Shop Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee's Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the "Renewal Ancillary Agreements");

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor's satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form of general release whereby Franchisee and Franchisee's Owners shall each fully release and discharge Franchisor, Franchisor's affiliates and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee's issuance of a general release, Franchisor at Franchisor's election, may condition renewal on Franchisee's and each Owner's delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor's agents or employees.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing conditions shall be deemed an election by Franchisee not to renew the franchise.

#### **15.C. RENEWAL FRANCHISE AGREEMENT**

Franchisee agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor's sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

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### **ARTICLE 16**

#### **DEFAULTS, TERMINATION AND REMEDIES**

##### **16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR**

(1) Defaults and Automatic Termination – Franchisee shall be in default of this Agreement, and, this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(a) Franchisee becomes insolvent, and/or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee's inability to pay its debts as they mature, and/or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved, and/or Franchisee's leasehold interests and/or rights in or to Franchisee's Shop Location are terminated;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Shop Location if Franchisee is the fee simple owner of Franchisee's Shop Location;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's Shop or located at Franchisee's Shop Location is instituted against Franchisee and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of Franchisee's Shop is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4).

**(2) Defaults and Automatic Termination upon Written Notice without Cure Period** – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any

penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee and/or customers of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including customers, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.D. of this Agreement and that is cured/remedied in accordance with Article 7.D.;

(e) Franchisee loses and/or fails to maintain possession of the leasehold and/or other legal interests providing Franchisee with the uninterrupted legal right and ability to occupy and to continue to occupy Franchisee's Shop Facility throughout the Term and to maintain and operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(g) Franchisee attempts to Transfer, or purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(h) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer, or purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(i) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(k) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, Playa Bowls Shops, Franchisee's Shop, and/or the reputation of the Playa Bowls brand;

(l) Franchisee, an Owner, and/or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the

opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Owner and Spouse Agreement and Guaranty;

(m) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo contendere to a felony crime;

(n) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, Playa Bowls Shops, Franchisee's Shop, and/or the reputation of the Playa Bowls brand;

(o) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(p) Franchisee fails, upon receiving actual or constructive notice, shall: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(q) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(r) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

**(3) Defaults and Automatic Termination After 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting,

and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

**(4) Defaults and Automatic Termination After 30 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor’s written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1), 16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in a shop location that is approved by Franchisor, in Franchisor’s Reasonable Business Judgment, as Franchisee’s Shop Location;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor’s standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor’s standards, specifications, and requirements as communicated to Franchisee from time to time, including Franchisee’s failure to operate the Shop during the days and hours specified by Franchisor from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor’s Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other



information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

#### **16.B. TERMINATION BY FRANCHISEE**

If Franchisee, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

#### **16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES**

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under

Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall be in addition to any and all other rights set forth in this Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, National Marketing Fund Fee, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement. In calculating and determining the foregoing Franchisee agrees that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. If, however, the Franchised Business has been open and in operation for less than one calendar year, Franchisee agrees that it is fair and reasonable to use an average of Shop Gross Sales across the System during the year in which this Agreement was terminated and to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. Franchisee agrees that the foregoing is a form of liquidated damages, and that it is fair and reasonable.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating Franchisee's Shop or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement

are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the National Marketing Fund and/or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchisee, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

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#### **ARTICLE 17**

#### **OBLIGATIONS UPON TERMINATION, EXPIRATION**

#### **AND CONTINUING OBLIGATIONS**

##### **17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

##### **17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM**

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the Shop that was the subject of this Agreement and cease to operate such Shop under the System;

(2) Directly or indirectly, cease to hold itself out to any person or entity, or represent itself, as a present or former Playa Bowls Shop franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Products and Services; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, Playa Bowls Shops, the Franchised Business, and Franchisee's former Playa Bowls Shop, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, recipes, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and Playa Bowls Shops;

(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former Shop at Franchisee's Shop Location subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Shop, Franchisee's former Shop Facility, and Franchisee's Shop Location, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Shop Facility and Franchisee's Shop Location have been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Shop at the Shop Location; (b) remove from Franchisee's Shop Facility and Franchisee's Shop Location all distinctive physical and structural features identifying a Shop and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Shop Facility and Franchisee's Shop Location as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Shop. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Shop Facility and Franchisee's Shop Location at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Shop Facility and Franchisee's Shop Location will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by

any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Digital Media listings, accounts and log-in information used in connection with Franchisee's former Shop and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

#### **17.C. CONTINUING OBLIGATIONS**

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

### **ARTICLE 18**

#### **ENFORCEMENT AND CONSTRUCTION**

##### **18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**

(1) Except as expressly provided to the contrary in this Agreement, each and every term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement is considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by

a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “redlined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

#### **18.B. WAIVER OF OBLIGATIONS**

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor’s rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor’s other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee’s default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor’s insistence upon Franchisee’s strict compliance with Franchisee’s obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

#### **18.C. FORCE MAJEURE**

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, “Force Majeure”), then the time period for

performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

#### **18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF**

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

#### **18.E. RIGHTS OF PARTIES ARE CUMULATIVE**

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

#### **18.F. GOVERNING LAW**

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW JERSEY, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF NEW JERSEY SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

#### **18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION**

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association (“AAA”) in accordance with AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Monmouth County, New Jersey or, if a mediator is not available in Monmouth County, New Jersey then at a suitable location selected by the mediator that is located closest to Monmouth County, New Jersey. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then

the mediator shall be selected by AAA. Mediation shall be conducted within 45 days of AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Monmouth County, New Jersey or, if suitable AAA facilities are not available in Monmouth County, New Jersey then at a suitable AAA location selected by the arbitrator that is located closest to Monmouth County, New Jersey.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N, 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;



(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G., Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New Jersey and within Monmouth County or the county closest to Monmouth County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

#### **18.H. VARIANCES**

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

#### **18.I. LIMITATIONS OF CLAIMS**

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

#### **18.J. WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES**

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM FOR DAMAGES: (A) ALLOWED BY

FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS, FEES, AND/OR OTHER PAYMENTS OR OBLIGATIONS THAT OTHERWISE WOULD HAVE BEEN PAYABLE AND DUE UNDER THIS AGREEMENT BY FRANCHISOR OR FRANCHISEE AND/OR THE OWNERS UPON OR ARISING OUT OF A BREACH RESULTING IN THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

**18.K. WAIVER OF JURY TRIAL**

FRANCHISOR AND FRANCHISEE 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 A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

**18.L. BINDING EFFECT**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

**18.M. COMPLETE AGREEMENT**

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement.

**18.N. ATTORNEY FEES AND EXPENSES**

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

**18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS**

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE PLAYA BOWLS FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

**18.P. ACCEPTANCE BY FRANCHISOR**

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has

signed it.

**18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS**

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

**18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS**

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

**18.S. NON-UNIFORM AGREEMENTS**

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Playa Bowls Franchisor LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

**18.T NO RIGHT TO OFFSET**

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

**18.U. HEADINGS**

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

**18.V. AUTHORITY TO EXECUTE**

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

**18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES**

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

**18.X. JOINT AND SEVERAL LIABILITY**

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

**18.Y. RECITALS**

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

**ARTICLE 19**  
**NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

**Franchisor:** \_\_\_\_\_ **Franchisee:** \_\_\_\_\_  
Playa Bowls Franchisor LLC

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

\_\_\_\_\_  
Name and Title (please print) \_\_\_\_\_ Name (please print)

\_\_\_\_\_  
Dated \_\_\_\_\_ Dated

\_\_\_\_\_  
Signature

Name (please print)

Dated



**Franchise Agreement – Schedule 1**  
**Shop Location and Designated Territory Acknowledgment**

Pursuant to the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ by and between Playa Bowls Franchisor LLC, as Franchisor, and \_\_\_\_\_, as Franchisee (the “Franchise Agreement”), Franchisor and Franchisee agree:

**(a) Franchisee’s Shop Location** – “Franchisee’s Shop Location,” as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is identified, as follows:

[To be effective this Schedule must be completed and signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

**(b) Franchisee’s Designated Territory** – Franchisee’s “Designated Territory,” as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is designated as follows:

[To be effective this Schedule must be completed and signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

If there is any inconsistency or conflict between the terms of this Acknowledgment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

**Dated:** \_\_\_\_\_

**Franchisor:**  
Playa Bowls Franchisor LLC  
\_\_\_\_\_

**Franchisee:**

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)





**Franchise Agreement – Schedule 2**  
**Statement of Franchise Owners**

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.

Owner Name	Owner Address	Ownership Interest Percentage
Name of designated Managing Owner:		

**Dated:** \_\_\_\_\_

**Franchisor:** \_\_\_\_\_ **Franchisee:**  
Playa Bowls Franchisor LLC \_\_\_\_\_

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)





**Franchise Agreement – Exhibit 1**  
**Owner and Spouse Agreement and Guaranty**







## OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Franchise Owner and Spouse Agreement and Individual Guaranty (the “Agreement”) is individually entered into by you as either an owner of \_\_\_\_\_ (hereinafter referred to as “Franchisee”), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of Playa Bowls Franchisor LLC, franchisor of the Playa Bowls franchise system and in favor of Playa Bowls Franchisor LLC’s successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement Playa Bowls Franchisor LLC is referred to as “us”, “our” or “we”, and each individual that signs this Agreement is referred to as “you”.

### Recitals and Representations

WHEREAS, Franchisee has entered into a Playa Bowls Franchise Agreement (the “Franchise Agreement”) for the development and operation of a Playa Bowls Shop (the “Shop” or “Franchised Business”) featuring acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, smoothies, juices, and other healthy menu items and other menu items that Franchisor authorizes (the “Approved Products and Services”) under the Licensed Marks (defined below);

WHEREAS, you represent that you have received and have thoroughly reviewed the completed Franchise Agreement, including the completed Schedules and Exhibits attached thereto;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an “Owner” as set forth in this Agreement; and/or that you are (b) the “Spouse” of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all other individuals who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement personally obligates you, among other things, to guarantee Franchisee’s payment, performance, and legal obligations under the Franchise Agreement and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be entering into the Franchise Agreement with Franchisee or, if applicable, approving the transfer of the Franchise Agreement and/or the replacement or substitution of an owner of Franchisee.

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchise Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

LOGO



Playa Bowls FDD April 28, 2023, 2024

## **1. Recitals and Representations**

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

## **2. Definitions**

Supplementing the terms and definitions contained in the Recitals and Representations:

**“Approved Products and Services”** shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by Playa Bowls Shops. We shall exclusively designate and determine the Approved Products and Services and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Products and Services.

**“Business Management System”** means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business.

**“Business Management System Data”** means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

**“Competitive Business”** means any business that (i) is the same as or similar to a Playa Bowls Shop (including traditional shops and outlets, mobile kiosks, food trucks, and/or non-traditional outlets); and/or (ii) offers, sells, and/or provides acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, fruit bowls, smoothies, and/or juices.

**“Confidential Information”** means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, recipes, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Playa Bowls Shops; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Playa Bowls Shops; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Playa Bowls Shops; (d) customer lists and information related to Playa Bowls Shops and the Franchised Business; (e) Business Management System Data; (f) recipes; (g) current and future information contained in the Operations Manual; and (h) Know-How.

**“Copyrights”** means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow Playa Bowls Shop franchisees to use,



~~sell or display in connection with the development, marketing and/or operation of a Playa Bowls Shop, whether as of the Effective Date or any time in the future.~~

~~“Corporate Entity” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.~~

~~“Digital Media” means any interactive or static digital document, listing, directory, application, advertisement, e-commerce platform, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, references, identifies, reviews, promotes and/or relates, in any way, to, a Playa Bowls Shops, your Shop, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media includes our designated website(s), the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.~~

~~Your use of any Digital Media is subject to and shall require our express written consent and authorization which may be withheld by us for any or no reason at all, or, as we elect, conditioned on standards, specifications and requirements designated by us from time to time. You agree that all telephone numbers, Digital Media and Digital Media accounts, at our election and subject to our designation and specification, System shall be owned by us and all telephone numbers, Digital Media and Digital Media accounts that are owned or registered to you (whether such ownership or registration was authorized by us, unknown to us, or obtained in violation of the terms of this Agreement), upon our demand, shall be transferred to us or our designees.~~

~~Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including the agreements attached hereto as Attachment 6, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 18.15: (i) all rights to the telephone numbers of the Shop and any related and other business listings; and (ii) internet listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the internet or world wide web without our express written consent, which consent may be denied without reason.~~

#### ~~7.10 — Customer Surveys~~

~~You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Shop. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.~~



#### ~~7.11~~ **Mystery Shopper Service**

~~We may designate an independent evaluation service to conduct a “mystery shopper” quality control and evaluation program with respect to Shops. You agree that the Shop will participate in such mystery shopper program, as prescribed and required by us, provided that Shops owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program as designated and determined by us.~~

#### ~~7.12~~ **Pricing**

~~Where permitted by applicable law and, to the fullest extent permitted by law, we reserve the right to designate and establish, maximum, minimum, promotional, and other pricing requirements that you must comply with respecting prices charged to customers of your Shop and promotions that you must provide to customers of your Shop. You agree that our pricing and promotion requirements may change from time to time and may vary depending on geography (towns, cities, states, regions) and other factors designated by us including, our designation of any local, regional, or national promotional campaigns. You agree that our pricing and promotional requirements may directly or indirectly impact retail prices of your Shop and may designate specific pricing to be included in advertisements and promotional materials. You agree that nothing contained in this Article 7.12 shall be deemed a representation by us that if you follow our pricing or promotion requirements you will generate a profit. You agree that any pricing and promotional requirements designated by us may or may not optimize the revenues or profitability of your Shop. You waive any and all claims related to our establishment of prices charged at your Shop. At all times, you agree to inform us of all prices charged for products sold by your Shop and to inform us of any modifications of your prices.~~

#### ~~7.13~~ **Motor Vehicles**

~~If we permit you to provide catering or delivery services, we anticipate that your employees will use their personal vehicles to provide such services from your Shop. We reserve the right to require you to have temporary signage placed on each delivery vehicle. We expect that all delivery vehicles will be kept clean, in good working order and be properly insured. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use.~~

#### ~~7.14~~ **Unapproved Products and Services**

~~In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from~~



performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to \$250 per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

#### **7.15 Online Orders**

You are required to participate in our online and/or Digital Media ordering program(s), whereby your customers submit food orders through the internet. You agree to pay any then current fees to our approved supplier for participation in the online ordering program, and to comply with all rules and procedures applicable to such program(s).

### **ARTICLE 8 MARKETING AND PROMOTION**

Recognizing the value of marketing and the importance of the standardization of marketing programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

#### **8.1 Participation in Marketing; National Marketing Programs**

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Shops operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

We may, from time to time, incorporate into the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which your Shop, along with other Playa Bowls Shops, will be required to offer and sell. This activity, referred to as “cobranding”, may involve changes to the Proprietary Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and trade dress of your Shop. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Shop at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Royalty Fees, National Marketing Fund Fee or local marketing expenditure obligations under this Agreement.

#### **8.2 Local Marketing**

8.2.1 In addition to the ongoing marketing contributions set forth herein and, subject to any allocation of your expenditures for local marketing to a cooperative as described



in Article 8.4, you shall spend each month throughout the term of this Agreement an amount equal to 1% of Gross Sales on marketing and promotion of your Shop in your Designated Territory (“Local Marketing”). All Local Marketing must meet our System standards. If your local marketing expenditures in any month or monthly period designated and selected by us do not equal or exceed 1% of your applicable Gross Sales then we may, in our discretion, require that the deficiency be contributed by you to the National Marketing Fund and such contribution shall be in addition to your obligations under Article 8.3 of this Agreement.

8.2.2 Notwithstanding the foregoing, if your Shop participates in a cooperative, as described in Article 8.4 below, any amount you contribute to the cooperative will count toward your Local Marketing requirement; provided, however, that in the event your contribution to the cooperative is less than your Local Marketing requirement, you shall nevertheless spend the difference locally. You shall submit to us, within 30 days of our request, advertising expenditure reports accurately reflecting your Local Marketing expenditures, including verification copies of all marketing and any other information that we require.

### 8.3 National Marketing Fund

Recognizing the value of uniform marketing, advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right to establish, maintain and administer a National Marketing Fund (hereinafter referred to as the “Fund”) for such national and regional advertising programs as we may deem necessary or appropriate, in our sole discretion, as follows:

8.3.1 We shall direct all national and regional national marketing programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. You understand and acknowledge that the Fund is intended to maximize general public recognition and acceptance of the System and the Marks for the benefit of all Playa Bowls Shops operating under the System, and that we undertake no obligation in administering the Fund to ensure that expenditures from the Fund are proportionate or equivalent to your contributions made for your Shop, or that any particular Shop or franchisee benefits directly or pro rata from the placement of any advertising. You agree that the National Marketing Fund will not be used to directly or indirectly market or promote your Shop or, unless otherwise directed by us, in our discretion, pay for media placements that may benefit or include any media market that includes your Shop Location or Designated Territory. We and our affiliates shall not, with respect to Shops operated by us, be required to contribute to the Fund, but we and our affiliates may do so if we so choose.

8.3.2 You agree that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting Digital Media, television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The Fund shall be



accounted for separately from our other funds, and shall not be used to defray any of our general operating expenses, except that we have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund-related activities and overhead expenses) of developing, producing and distributing any advertising materials and collecting the National Marketing Fund Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any National Marketing Fund Fee).

8.3.3 An unaudited statement of the operations of the Fund shall be prepared annually by our accountants and shall be made available to you, following our annual preparation based on your written request or, as otherwise designated by us (if we elect to confidentially publish the unaudited statement of operations to System franchisees), and subject to our confidentiality requirements. The statement will be available after April 30 each year. The cost of the statement shall be paid by the Fund. We are not required to have any Fund statement audited, but if we choose to have the Fund audited it will be at the Fund's expense. Except as expressly provided in this Article 8.3, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund.

8.3.4 Any monies remaining in the Fund at the end of any year will carry over to the next year. Although the Fund is intended to be of perpetual duration, we may terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising or promotional purposes or returned to contributing Stores or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Fund, we may, in our sole discretion, reinstate the Fund at any time. If we so choose to reinstate the Fund, said reinstated Fund shall be operated as described herein.

#### **8.4 Cooperative Marketing Funds**

At all times we possess the sole and exclusive right to authorize, establish, designate and de-authorize a local or regional marketing cooperative ("Cooperative") within those markets that we designate, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which your Shop is located. In no event may the Shop be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto in an amount as agreed upon by the Cooperative members. You shall contribute such amounts at the times and in the manner as determined by majority vote of the Cooperative members. You understand and acknowledge that the members may vote to require members to contribute to the Cooperative an amount that is in excess of their Local Marketing requirement. Any funds contributed to a Cooperative will be credited against your Local Marketing obligation; provided, however, that if your contributions to a Cooperative are less than your Local Marketing requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:



~~8.4.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;~~

~~8.4.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members' use in local advertising within the Cooperative's area;~~

~~8.4.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;~~

~~8.4.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for local marketing) at a meeting attended by members possessing more than 50% of the total voting power in the Cooperative is binding upon you if approved by members possessing more than 50% of the total voting power possessed by members in attendance, with each Shop having one vote, but no franchisee (or commonly controlled group of franchisees) may have more than 25% of the vote in the Cooperative regardless of the number of Shops owned;~~

~~8.4.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Article 8.5;~~

~~8.4.6 Cooperative may require its members to periodically contribute to it in such amounts as it determines;~~

~~8.4.7 no later than the 15<sup>th</sup> day of each month, each member/franchisee must submit its contribution under Article 8.4.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and~~

~~8.4.8 if an impasse occurs because of a Cooperative members' inability or failure, within 45 days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.~~

## ~~8.5 Conduct of Marketing; Our Approval~~

~~8.5.1 All marketing and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all marketing and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the 12 months prior to their proposed use. You shall submit such unapproved plans and materials to us not later than 15 days prior to the date you intend to use~~





them. If we do not provide our specific disapproval of the proposed materials, the proposed materials are deemed to be approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the internet, world wide web or via other means of advertising through Digital Media, e-commerce marketing channels, or any other medium without our express written consent.

8.5.2 We reserve the right to require you to include certain language on all marketing to be used locally by you or to be used by a Cooperative, including, but not limited to, “Franchises Available” and reference to our telephone number and/or website.

#### **8.6 Grand Opening Marketing**

In addition to the ongoing marketing contributions and expenditures set forth herein, you shall be required to spend not less than \$10,000 on a grand opening marketing campaign to promote the opening of the Shop. The grand opening marketing campaign shall be conducted generally in the initial 90 days following the Shop’s opening, or such other period of time as we may designate. All marketing proposed to be used in the grand opening marketing campaign are subject to our review and approval in the manner set forth in this Article 8. Your grand opening marketing campaign must include the giveaways and other promotions as we require. We may require that you use our designated supplier for grand opening marketing and promotion.

#### **8.7 Websites**

We alone may establish, maintain, modify or discontinue all Digital Media, internet, world wide web and electronic commerce activities pertaining to the System. We have established one or more websites accessible through one or more uniform resource locators (“URLs”) and we may design and provide for the benefit of your Shop a “click through” subpage at our website for the promotion of your Shop. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Shop, you must routinely provide us with updated copy, photographs and news stories about your Shop suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites, Digital Media, or other modes of electronic commerce that we establish or maintain, including but not limited to any mobile applications (“apps”) that we may introduce, may—in addition to advertising and promoting the products, programs or services available at Playa Bowls Shops—also be devoted in part to offering Playa Bowls franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website or Digital Media; otherwise maintain a presence or advertise on the internet or



any other mode of electronic commerce in connection with your Shop; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the “Playa Bowls” name or any names confusingly similar to the Proprietary Marks.

——— You are not permitted to promote your Shop or use any of the Proprietary Marks in any manner on any Digital Media without our prior written consent. We will control all Digital Media initiatives. You must comply with our System standards regarding the use of Digital Media in your Shop’s operation, including prohibitions on your and the Shop’s employees posting or blogging comments about the Shop or the System, other than as expressly approved by us. We may, at our election, provide access to Digital Media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local Digital Media on your behalf.

——— We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

#### ——— 8.8 ——— Advisory Council

——— We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Playa Bowls Shops, advertising conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. We may develop by-laws for the governance of any advisory council.

——— If formed, an advisory council will be comprised of our representatives and franchisee representatives. Franchisee representatives may be selected by us or may be elected by other franchisees in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.

### ~~ARTICLE 9~~ MARKS

#### ——— 9.1 ——— Use of Marks

——— We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

#### ——— 9.2 ——— Ownership of Marks; Limited License

——— You expressly understand and acknowledge that:



~~9.2.1 We are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in the Marks shall be deemed to include the owner's right, title and interest in the Marks.~~

~~9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Shop and only at or from its accepted location or in approved advertising related to the Shop.~~

~~9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.~~

~~9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.~~

~~9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.~~

~~9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.~~

~~9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any other claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation.~~



~~You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.~~

### ~~9.3 Limitation on Use of Marks~~

~~With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:~~

~~9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Shop only under the name “Playa Bowls” without prefix or suffix. You shall not use the Marks as part of your corporate or other legal name and shall obtain our approval of a trade name or “d/b/a” prior to filing it with the applicable state authority.~~

~~9.3.2 During the term of this Agreement and any renewal hereof, you shall identify yourself as the independent owner of the Shop in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Shop or any delivery vehicle as we may designate in writing.~~

~~9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;~~

~~9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.~~

### ~~9.4 Notification of Infringement or Claim~~

~~You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.~~



#### ~~9.5 Retention of Rights by Us~~

~~The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:~~

~~9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;~~

~~9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and~~

~~9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.~~

#### ~~ARTICLE 10~~

#### ~~CONFIDENTIALITY AND NON-COMPETITION COVENANTS~~

#### ~~10.1 Confidential Operations Manuals~~

~~10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.~~

~~10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Shop. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.~~

~~10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Shop premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.~~



~~10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.~~

~~10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manual that have been replaced or updated by us. You expressly agree to comply with each new or changed standard.~~

~~10.1.6 You shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control.~~

## ~~10.2 Confidential Information~~

~~10.2.1 Neither you nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Shop under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Shop. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement, including but not limited to the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Article shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.~~

~~10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Article 10.2.1 from your General Manager and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4.~~

~~10.2.3 If you, the Principals, the General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Shop, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.~~



### ~~10.3 Non-Competition~~

~~10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Shop, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement, except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:~~

~~(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.~~

~~(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Shop, including a food service business which offers and sells the same or substantially similar food products (a "Competitive Business") without our prior written consent.~~

~~10.3.2 With respect to you and each Principal, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your or any Principals' interest in, this Agreement and continuing for two years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:~~



\_\_\_\_\_(a) \_\_\_\_\_ Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

\_\_\_\_\_(b) \_\_\_\_\_ Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a 25 mile radius of the location of any Shop in the System.

\_\_\_\_\_~~10.3.3~~ The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article.

\_\_\_\_\_(a) \_\_\_\_\_ You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Article 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article 19.2 hereof.

\_\_\_\_\_(b) \_\_\_\_\_ You and the Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article.

\_\_\_\_\_(c) \_\_\_\_\_ Articles 10.3.1(b) and 10.3.2(b) shall not apply to ownership of less than a 5% beneficial interest in the outstanding equity securities of any publicly held company.

\_\_\_\_\_~~10.3.4~~ You shall require and obtain execution of covenants similar to those set forth in this Article 10.3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Article 10.3.4.





#### ~~10.4~~ **Failure to Comply**

~~You and the Principals acknowledge that any failure to comply with the requirements of this Article shall constitute a material event of default under Article 17 hereof. You and the Principals acknowledge that a violation of the terms of this Article would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Article. You and the Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Article, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Article.~~

### **ARTICLE 11 BOOKS AND RECORDS**

#### ~~11.1~~ **Books and Records**

~~You shall maintain during the term of this Agreement, and shall preserve for at least three years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.~~

#### ~~11.2~~ **Reports**

~~You shall comply with the following reporting obligations:~~

~~11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a report of Gross Sales and a profit and loss statement for each month (which may be unaudited) for you within 10 days after the end of each month during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;~~

~~11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) prepared by an independent certified public accountant by April 15<sup>th</sup> of each year during the term hereof showing the results of the Shop's operations during the previous calendar year. We reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of 2% or more in any report, pursuant to Article 11.3; and~~

~~11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the~~



Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

### **11.3 Inspections; Audits**

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Shop. You shall make such books and records available to us or our designees immediately upon request. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with applicable late fees and interest determined in accordance with the provisions of Articles 4.5 and 4.6. If an inspection discloses an underpayment of amounts owed to us or an understatement in any report of Gross Sales of 2% or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

### **11.4 Correction of Errors**

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

### **11.5 Authorization of Us**

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Shop. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

### **11.6 We are Attorney-in-Fact**

You hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

## **ARTICLE 12** **INSURANCE**



~~12.1—You shall procure, before beginning construction of the Shop, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them 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 Shop.~~

~~12.2—Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, any insurance that you must have according to the terms of the lease for the Accepted Location and as required by applicable law.~~

~~12.3—All insurance must be on an “occurrence” basis. You must obtain and provide us with evidence of insurance in at least the minimum amounts and with the coverages as follows: (a) Commercial General Liability insurance on the latest version of ISO form CG 00 01 or its equivalent, with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. There shall be no products liability or completed operations exclusion. There shall be no “Injury to Subcontractor Employee” (or its equivalent) exclusion. The Commercial General Liability policy shall provide coverage to you for the hold harmless and indemnity contained herein; (b) Umbrella or Excess Liability Insurance with limits of \$2,000,000 per occurrence and \$2,000,000 general aggregate; (c) Property Insurance for all of your property for its full Replacement Cost written on a Causes of Loss—Special Form or equivalent type policy. Property Insurance must be maintained with a deductible of not more than \$5,000; (d) Commercial Automobile Liability Insurance, covering any liabilities of you and us with respect to the ownership, maintenance, or use of any auto used in connection with the business, on a form equal to the latest version of ISO form CA 00 01 with a limit at least equal to \$1,000,000 Combined Single Limit; (e) Workers’ Compensation insurance as required by law; (f) Employers’ Liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 each employee by disease and \$1,000,000 policy limit by disease; (g) Employment Practices Liability Insurance, including third party coverage, with limits not less than \$1,000,000 per claim and aggregate. You shall be endorsed as a Co-Defendant; (h) Data Breach Expense/Cyber Liability Insurance, including first and third party coverage with limits not less than \$1,000,000, and regulatory expense coverage of not less than \$250,000; and (i) all other insurance required by law or that we may reasonably request.~~

~~12.4—A current and acceptable Certificate of Insurance must be initially provided at least 10 days before you begin construction of your Playa Bowls Franchise Business. A renewal Certificate of Insurance must be provided no later than 10 days before the expiration date of each policy. Each required policy of liability insurance must name Playa Bowls, LLC, Playa Bowls IP LLC and Playa Bowls Franchisor LLC as Additional Insureds by use of ISO endorsement CG 20 29 04 13 (Additional Insured—Grantor of Franchise). The coverage afforded to the Additional~~



Insureds shall be written on a primary basis, and shall not require or contemplate contribution by any other policy or policies obtained by, or available to, any Additional Insured, and any other such coverage shall be excess over the coverage to be provided by you. Each required property insurance policy shall name Playa Bowls, LLC, Playa Bowls IP LLC and Playa Bowls Franchisor LLC as loss payee as its interests may appear. We reserve the right to request a complete copy of your insurance policies for the purpose of verifying the required coverages. All contractors and vendors used by you must comply with these insurance requirements and it is your responsibility to monitor any such insurance. Your insurance policies shall include a Waiver of Subrogation in favor of Playa Bowls. All policies shall be written with insurance companies authorized to do business by the state where you will operate your Shop and rated by A.M. Best Company at least A minus (policy holders rating) and VII (financial rating). If you or any of your vendors or contractors utilize a surplus lines insurance company (non-admitted carrier), Playa Bowls shall be provided with a complete copy of the policies, in addition to the Certificate of Insurance. All policies shall be endorsed to require at least 30 days advance notice of cancellation, non-renewal, or reduction in coverage (or 10 days advance notice in the case of non-payment of premium), certified mail, to us. You shall also purchase any insurance that we may require in the future.

——— 12.5 — All insurance policies, except for worker's compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. Also, all insurance policies required hereunder shall expressly provide that not less than 30 days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies. You must provide us with a certificate of insurance showing that you have obtained the required policies before construction of your Shop begins and upon each policy's renewal.

——— 12.6 — Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a 20% administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

——— 12.7 — Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

——— 12.8 — We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Shop, and you agree to comply with any such changes, at your expense.

## **ARTICLE 13**

### **DEBTS AND TAXES**

——— 13.1 — **Taxes**



~~———— You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within 10 business days after such filing has been made with the appropriate taxing authority.~~

~~———— The term “Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.~~

### ~~———— 13.2 ——— Payments to Us~~

~~———— Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.~~

### ~~———— 13.3 ——— Tax Disputes~~

~~———— In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.~~

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### ~~———— 13.4 ——— Compliance with Laws~~

~~———— You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.~~

### ~~———— 13.5 ——— Notification of Action or Proceeding~~

~~———— You shall notify and deliver to us, in writing within five days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.~~



**ARTICLE 14**  
**TRANSFER OF INTEREST**

**14.1 Transfer by Us**

— We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations. Additionally, any transfer by us shall not reduce or alter your rights or in any way increase your obligations under this Agreement.

— You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Playa Bowls Franchisor LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in the shop business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

**14.2 Transfer by You**

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in you, in this Agreement, in the Shop and/or any of the Shop’s material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Shop, any of the Shop’s material assets (except as provided in Article 14.2.1 above) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you, then in each such case (any or all of which are referred to in this Article 14 as a “Restricted Transfer”), transferor and the proposed transferee shall apply to us for our consent. We shall not



unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

\_\_\_\_\_ (a) — All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

\_\_\_\_\_ (b) — You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction;

\_\_\_\_\_ (c) — The transferor and its principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

\_\_\_\_\_ (d) — The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Shops owned or operated by transferee;

\_\_\_\_\_ (e) — The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

\_\_\_\_\_ (f) — The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard form Franchise Agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Shop, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then current Royalty Fee and National Marketing Fund Fee; provided, however, that the transferee shall not be required to pay any initial franchise fee;



\_\_\_\_ (g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Shop and, if applicable, any delivery vehicles to conform to the then current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

\_\_\_\_ (h) The transferor shall remain liable for all of the obligations to us in connection with the Shop incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

\_\_\_\_ (i) At the transferee's expense, the transferee, the transferee's General Manager and/or any other applicable Shop personnel shall complete any training programs then in effect for franchisees of Shops upon such terms and conditions as we may reasonably require;

\_\_\_\_ (j) You shall pay to us a transfer fee equal to \$10,000 to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees;

\_\_\_\_ (k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Article have been satisfied and are true and correct on the date of transfer.

\_\_\_\_ 14.2.3 You shall not grant a security interest in the Shop or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

\_\_\_\_ 14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

#### ~~14.3 Transfer to a Corporation or Limited Liability Company~~

\_\_\_\_ In the event you desire to operate the Franchised Business through a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Article 14.2.2, except that the requirements set forth at Articles 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than 1 individual, each individual shall have the same proportionate ownership interest in the entity as he had in you prior to the transfer.





Additionally, the following conditions shall apply: (i) ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement; (ii) the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us; (iii) the newly formed corporation or limited liability company shall conduct no business other than the Franchised Business; and (iv) copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to addition of your corporation or limited liability company as a “franchisee” under this Agreement. A transfer under this Article 14.3 may occur one time only.

#### 14.4 — Our Right to Purchase Business

14.4.1 If you wish to transfer all or part of your interest in the Shop or this Agreement or if you or a Principal wishes to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within 30 days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller’s interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller’s interest, closing on such purchase must occur within the latest of (i) 60 days from the date of notice to the seller of the election to purchase by us, (ii) 60 days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. ~~Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option~~ afforded by this Article 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within 30 days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the “Offer Terms”). In the event that we elect to purchase the seller’s interest, closing on such purchase must occur within the latest of (i) 60 days from the date of notice to the seller of the election to purchase by us; (ii) 60 days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option



afforded by this Article 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer.

\_\_\_\_\_(b)\_\_\_\_ Notwithstanding the provisions of Article 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior 24 month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Article 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Shop (including lease and contract rights and other assets of you and your affiliates used in connection with the Shop, excluding the assets of your benefit plans) (collectively, the “Shop Interests”). As used in this Article 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Article 14.4.1(b) at the time we exercise our option as provided in Article 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Article 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Shop Interests, determined in a manner consistent with Article 18.12.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Article 18.12.1) of any assets included in the Restricted Transfer that are not related to the Shop. If you have more than one Shop, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Shops equally.

\_\_\_\_\_(c)\_\_\_\_ We may assign our rights under this Article 14.4 to any other person or entity, subject to Article 14.1 above.

\_\_\_\_\_(d)\_\_\_\_ It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

\_\_\_\_14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay ½ of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

\_\_\_\_14.4.3 Failure to comply with the provisions of this Article prior to the transfer of any interest in you, the Shop or this Agreement shall constitute a material event of default under this Agreement.



#### 14.5 Death or Disability

14.5.1 Upon your death (if you are a natural person) or upon the death of any Principal who has an interest in this Agreement, the Shop or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within 12 months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within 12 months after the death of the Deceased.

14.5.2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Principal who has an interest in this Agreement, the Shop or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 14 within six months after notice to you. “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Article 14.5. The costs of any examination required by this Article shall be paid by us.

14.5.3 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within 10 days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Article, then such failure shall constitute a material event of default under this Agreement.

14.5.4 In order to prevent any interruption of the Shop operations which would cause harm to the Shop, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Shop to our required standards, operate the Shop for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Shop during such period of operation by us shall be kept in a separate account, and the expenses of the Shop, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Shop franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.



#### ~~14.6 No Waiver of Claims~~

~~Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.~~

#### ~~14.7 Transfer Between Owners~~

~~If you or any Principal desires to transfer their interest, whether to another Principal or to a new Principal, then you shall promptly submit to us a request for our approval of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer. Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such agrees to be individually bound by certain obligations in this Agreement, including covenants concerning confidentiality and non-competition and agrees to personally guarantee your performance under this Agreement. Notwithstanding the provisions contained in Article 14.2 to the contrary, the Principals may freely transfer their ownership interests in you among themselves, and provided management control does not change, to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with 30 days prior written notice of such transfer, which notice shall include the names and percentages transferred. You shall complete and submit to us an updated Attachment 3, as necessary.~~

### **ARTICLE 15 INDEMNIFICATION**

#### ~~15.1 Indemnification by You~~

~~You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees"), from all "losses and expenses" (as defined in Article 15.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:~~

~~15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure;~~



~~15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;~~

~~15.1.3 Libel, slander or any other form of defamation of us, the System or any franchisee operating under the System, by you or by any of the Principals;~~

~~15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and~~

~~15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Shop, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.~~

#### ~~15.2 Notification of Action or Claim~~

~~You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.~~

#### ~~15.3 We May Settle~~

~~In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:~~

~~15.3.1 any of the acts or circumstances enumerated in Article 15.1.1 through 15.1.4 above have occurred; or~~

~~15.3.2 any act, error, or omission as described in Article 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.~~

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#### **~~15.4~~ Losses and Expenses**

~~—— All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Principals pursuant to your obligations of indemnity under this Article, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.~~

~~—— As used in this Article 15, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and 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.~~

#### **~~15.5~~ Indemnitees Do Not Assume Liability**

~~—— The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.~~

#### **~~15.6~~ Recovery from Third Parties**

~~—— Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.~~

#### **~~15.7~~ Survival of Terms**

~~—— You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.~~

### **~~ARTICLE 16~~ RELATIONSHIP OF THE PARTIES**



#### **16.1 No Fiduciary Relationship**

The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for your Shop does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your Shop, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Shop.

#### **16.2 Independent Contractor**

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Shop operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Shop premises established for the purposes hereunder or on any delivery vehicle and on all letterhead, business cards, forms, and as further described in the Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Playa Bowls Shop and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf, participating in



depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

### **16.3 Sole and Exclusive Employer of Your Employees**

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Playa Bowls brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to efficiently operate your Franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Playa Bowls Shop and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

### **16.4 You are Not Authorized**

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume





liability for or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

#### ~~ARTICLE 17~~ **TERMINATION**

##### ~~17.1~~ **Automatic Termination—No Right to Cure**

~~17.1.1~~ You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

~~17.1.2~~ You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

~~17.1.3~~ You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

~~(a)~~ If you operate the Shop or sell any products or services authorized by us for sale at the Shop at a location which has not been approved by us;

~~(b)~~ If you fail to acquire an Accepted Location for the Shop within the time and in the manner specified in Article 2;

~~(c)~~ If you fail to construct or remodel the Shop in accordance with the plans and specifications provided to you under Article 5.3 as such plans may be adapted with our approval in accordance with Article 2.5;



\_\_\_\_ (d) — If you fail to open the Shop for business within the period specified in Article 2.6 hereof;

\_\_\_\_ (e) — If you at any time cease to operate or otherwise abandon the Shop (you will be deemed to have abandoned the Shop if you do not operate it for three consecutive days, unless the closure is due to circumstances beyond your control or we have consented to such closure), or lose the right to possession of the premises (including, without limitation, if the lease or any other agreement by which you have the right to possess the premises is terminated); or otherwise forfeit the right to do or transact business in the jurisdiction where the Shop is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control; provided, however, that Force Majeure shall not include your lack of financing), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within 30 days after such event for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of our relocation fee;

\_\_\_\_ (f) — If you or any of the Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

\_\_\_\_ (g) — If a threat or danger to public health or safety results from the construction, maintenance or operation of the Shop;

\_\_\_\_ (h) — If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Shop to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement;

\_\_\_\_ (i) — If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five days, in which case the five day cure period shall apply);

\_\_\_\_ (j) — If you or any of the Principals fail to comply with the in-term covenants in Article 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Article 10.3.4 hereof within 30 days following notice from us;

\_\_\_\_ (k) — If, contrary to the terms of Article 10.2.1 hereof, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by



us, or fail to obtain execution of covenants and related agreements required under Article 10.2.2 hereof within 30 days following notice from us;

\_\_\_\_\_ (l) — If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein;

\_\_\_\_\_ (m) — If you knowingly maintain false books or records, or submit any false reports to us;

\_\_\_\_\_ (n) — If you breach in any material respect any of the covenants in any material respect set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

\_\_\_\_\_ (o) — If you fail to propose a qualified replacement or successor General Manager within the time required under Article 6.3.4 following 10 days prior written notice;

\_\_\_\_\_ (p) — If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within 10 days following notice from us;

\_\_\_\_\_ (q) — If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have 24 hours to cure such default;

\_\_\_\_\_ (r) — If you or any of the Principals commit three material events of default under this Agreement within any 12 month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

\_\_\_\_\_ (s) — If any of your managers is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement manager;

\_\_\_\_\_ (t) — If you fail to comply with all applicable laws and ordinances relating to the Shop, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

\_\_\_\_\_ (u) — Any license or permit you are required to maintain for the operation of the Shop is revoked.

## **17.2 Notice of Termination—30 Days to Cure**



— Except as provided in Articles 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least 30 days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the 30 day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the 30 day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

— 17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us or fail to carry out the terms of this Agreement in good faith.

— 17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, including failure to operate the Shop during the days and hours as we specify from time to time.

— 17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

— 17.2.4 If any license or permit you are required to maintain for the operation of the Shop is suspended.

— **17.3 Cross-Defaults, Non-Exclusive Remedies, etc.**

— Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

— In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.



**~~17.4 Our Right to Discontinue Services to You~~**

~~If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your “click through” subpage on our website, until such time as you correct the breach.~~

**~~17.5 Amendment Pursuant to Applicable Law~~**

~~Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute “good cause” for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.~~

**~~17.6 Reimbursement of Costs~~**

~~You shall reimburse us for all costs and expenses, including but not limited to attorney’s fees, incurred by us as a result of your default, including costs in connection with collection of any amounts owed to us and/or enforcement of our rights under this Agreement.~~

**~~ARTICLE 18  
POST-TERMINATION~~**

~~Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:~~

**~~18.1 Cease Operations~~**

~~You shall immediately cease to operate the Shop under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.~~

**~~18.2 Stop Using the System~~**

~~You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark “Playa Bowls”; and all other Marks and distinctive forms, slogans, signs,~~



symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

### ~~18.3 Cancellation of Assumed Names~~

~~You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Playa Bowls" or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five days after termination or expiration of this Agreement.~~

### ~~18.4 No Use of Similar Marks~~

~~You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.~~

### ~~18.5 Payment of Sums Owed~~

~~You and your Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.~~

### ~~18.6 Payment of Damages, Costs and Expenses~~

~~You and the Principals shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.~~

### ~~18.7 Delivery of Manuals and Materials~~

~~You shall immediately deliver to us all Manuals, software licensed by us (if any), records, files, instructions, correspondence, all materials related to operating the Shop, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Shop in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.~~



#### ~~18.8 Confidential Information~~

~~You and the Principals shall comply with the restrictions on confidential information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants.~~

#### ~~18.9 Marketing and Promotional Materials~~

~~You shall also immediately furnish us with an itemized list of all marketing and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within 30 days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.~~

#### ~~18.10 Signage~~

~~Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Shop are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.~~

#### ~~18.11 Assignment of Lease~~

~~If you operate the Shop under a lease for the Shop premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Shop or any equipment related thereto. We may exercise such option at or within 30 days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Shop premises or do not have such option, you shall make such modifications or alterations to the Shop premises as are necessary to distinguish the appearance of the Shop from that of other Shops operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Article 18.11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Article 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Shop premises from and after the date of the assignment of lease.~~

#### ~~18.12 Our Right to Purchase~~



18.12.1 Except as provided in Articles 18.9, 18.10 and 18.13, we shall have the option, to be exercised within 30 days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Shop, at fair market value. If we exercise our right to purchase all or a portion of your assets, we shall be purchasing such assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within 30 days of our exercise of this option, fair market value shall be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay ½ of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees); against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Shop premises, then we shall have the option, to be exercised at or within 30 days after termination or expiration of this Agreement, to purchase the Shop premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Shop is operated, and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within 30 days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Articles 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Articles 18.12.1 and 18.12.2 shall be a date not later than 30 days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Article 18.11 shall be a date no later than 10 days after our exercise of the option thereunder unless we are exercising our options under either Article 18.12.1 or 18.12.2, in which case the





date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

#### **~~18.13 Shop Assets~~**

~~Notwithstanding anything to the contrary contained in Articles 18.11 and 18.12, if you operate the Shop from a premises that is subleased to you by us, upon termination (or expiration without renewal) of this Agreement, we shall have the right to take immediate possession of the assets of the Shop, including, any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Shop. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.~~

#### **~~18.14 Assignment of Options by Us~~**

~~We shall be entitled to assign any and all of our options in this Article to any other party, without your consent.~~

#### **~~18.15 Telephone Numbers, Internet Pages Listings, etc.~~**

~~You, at our option, shall assign to us all rights to the telephone numbers of the Shop and any related internet pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all internet listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses or any other similar listing or usage related to the Franchised Business. The forms we may require you to execute include, but are not limited to, those included in Attachment 6 hereto. Notwithstanding any forms and documents which may have been executed under Article 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.~~



#### **~~18.16 Liquidated Damages~~**

~~—— If we terminate this Agreement with cause, you agree to pay to us, within 15 days after the effective date of termination, liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the 12 months before the termination multiplied by (i) 24, being the number of months in two full years, or (ii) the number of months remaining during the term of this Agreement, whichever is lower.~~

~~—— The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.~~

~~—— The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.~~

#### **~~18.17 Errors and Omissions~~**

~~You must obtain and maintain in effect all coverage for the professional liability or errors and omissions insurance and general employment practices liability insurance required by this Agreement, to extend the period in which claims may be made for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located.~~

### **ARTICLE 19 MISCELLANEOUS**

#### **~~19.1 Notices~~**

~~—— Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile or email by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission) to the respective parties at the addresses in the introductory paragraph hereof, unless and until a different address has been designated by written notice to the other party.~~

~~—— Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile and/or email, upon transmission (provided confirmation is sent as described~~



above) or, in the case of expedited delivery service or registered or certified mail, three business days after the date and time of mailing.

#### **19.2 Entire Agreement**

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

#### **19.3 No Waiver**

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

#### **19.4 Our Prior Approval**

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing.

#### **19.5 No Warranty or Guaranty**

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

#### **19.6 Continued Obligation to Pay Sums**

If a Force Majeure event shall occur, then, in addition to payments required under Article 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Article 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein,



the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

#### **19.7 Arbitration**

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration within the county where we maintain our headquarters under the authority of such state's statutes (the "Statutes"). The arbitrator(s) will have a minimum of five years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Statutes. To the extent such rules are not inconsistent with the provisions of this arbitration provision or the Statutes, the proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association. The decision of the arbitrator(s) will be final and binding on all parties. This Article will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

#### **19.8 Venue; Governing Law**

With respect to any claims, controversies or disputes which are not finally resolved through negotiation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts and the Federal District Court nearest to our headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New Jersey or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be the county and state where we maintain our headquarters; provided, however, with respect to any action (i) for monies owed, (ii) for injunctive or other extraordinary relief or (iii) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the law of the state where we maintain our headquarters.



#### **19.9 Agreement Regarding Governing Law and Choice of Forum**

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Articles 19.7 and 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

#### **19.10 Waiver of Punitive Damages; Waiver of Jury Trial**

You, the Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Shop, brought by either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

#### **19.11 Execution in Multiple Counterparts**

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

#### **19.12 Captions**

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.



### **19.13—Survival of Terms**

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

### **19.14—Severability of Provisions**

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

### **19.15—Joint and Several Obligations**

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

### **19.16—Rights and Remedies Cumulative**

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

### **19.17—References**



Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

**19.18 — No Rights or Remedies Except to the Parties**

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

**19.19 — Effectiveness of Agreement**

This Agreement shall not become effective until signed by an authorized officer of ours.

**19.20 — Modification of the System**

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any



claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

#### **19.21—Operation in the Event of Absence or Disability**

—In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

#### **19.22—Step-In Rights**

—If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business 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 Franchised Business 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 business; 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 business as a going concern.

—We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, 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. Additionally, in the event we temporarily operate the Shop franchised herein on your behalf, you agree to pay to us the then current fee for the management and maintenance of the Shop in your absence. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.





### ~~19.23~~ Costs and Legal Fees

~~If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.~~ **"Effective Date"** refers to the **"Effective Date"** of the Franchise Agreement as the term **"Effective Date"** is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

**"Franchised Business"** shall have the meaning defined in the **"Recitals"** section of this Agreement and shall further mean the Playa Bowls Shop to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

**"Franchisee's Designated Territory"** means the **"Designated Territory"** as such term is set forth and defined in <sup>¶</sup>.

## ARTICLE 20 SECURITY INTERESTS

### ~~20.1~~ Collateral

~~You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Shop, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Shop. All items in which a security interest is granted are referred to as the "Collateral".~~

### ~~20.2~~ Indebtedness Secured

~~The Security Interest is to secure payment of the following (the "Indebtedness"):~~

~~20.2.1 All amounts due under this Agreement or otherwise by you;~~

~~20.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;~~



~~20.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and~~

~~20.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.~~

~~Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Shop, including, but not limited to, a real property mortgage and equipment leases.~~

### ~~20.3 Additional Documents~~

~~You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.~~

### ~~20.4 Possession of Collateral~~

~~Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.~~

### ~~20.5 Our Remedies in Event of Default~~

~~You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New Jersey (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.~~

### ~~20.6 Special Filing as Financing Statement~~

~~This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.~~



## **ARTICLE 21 TECHNOLOGY**

### **21.1 Computer Systems and Software**

The following terms and conditions shall apply with respect to your computer system:

21.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Playa Bowls Shops, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Playa Bowls Shops, between or among Shops, and between and among the Franchised Shop and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the “Computer System”).

21.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

21.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing (“Point of Sale Systems”), which shall be deemed part of your Computer System.

21.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, “Computer Upgrades”).

21.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

### **21.2 Data**

We may, from time to time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Shop, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Shop, and all data created or collected by you in connection with the System, or in connection with your operation of the Shop (including without limitation data pertaining to or otherwise concerning the Shop’s customers) or otherwise



provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

### **21.3 Privacy**

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals (“Privacy”) and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

### **21.4 Telecommunications**

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

### **21.5 Intranet**

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an “Intranet”). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet and utilizing the Intranet in connection with the operation of the Shop. The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

### **21.6 Online Use of Proprietary Marks**

You shall not use the Proprietary Marks, or any abbreviation or other name associated with us and/or the System as part of any email address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by email or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

### **21.7 No Outsourcing Without Prior Written Consent**



~~———— You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.~~

#### ~~———— 21.8 ——— Changes to Technology~~

~~———— You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 21 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.~~

### **ARTICLE 22** **YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS**

#### ~~———— 22.1 ——— Your Representations~~

~~———— You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:~~

~~———— 22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Shop.~~

~~———— 22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.~~

~~———— 22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.~~

~~———— 22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after~~



due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

~~22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.~~

~~22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.~~

## ~~22.2 Your Acknowledgments~~

~~You acknowledge the truthfulness of the statements contained in Attachment 7 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 7 is incomplete or incorrect.~~

[SIGNATURE PAGE TO FOLLOW]



Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_  
Accepted On: \_\_\_\_\_  
\_\_\_\_\_ (the "Effective Date")

PRINCIPALS:

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

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





## Attachment 1 to Franchise Agreement

### ACCEPTED LOCATION AND DESIGNATED TERRITORY

#### 1. ACCEPTED LOCATION

Pursuant to Article 1.2 of the Franchise Agreement, the Shop shall be located at the following Accepted Location:

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#### 2. DESIGNATED TERRITORY:

Pursuant to Article 1.4 of the Franchise Agreement, the Designated Territory shall be a radius of \_\_\_\_\_ (\_\_\_\_) miles around the Accepted Location.

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_

\_\_\_\_\_  
“Franchisee’s Shop Facility” means the Shop Facility from which Franchisee establishes, operates and manages the Franchised Business.

“Franchisee’s Shop Location” means the location of Franchisee’s Shop Facility, from which Franchisee operates the Franchised Business.

“Immediate Family” means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“Intellectual Property” means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

“Know-How” refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Playa Bowls Shop including, but not limited to, methods, techniques, recipes, specifications, food preparation, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.



**“Licensed Marks”** means the trademarks, service marks, emblems and indicia of origin, including the “Playa Bowls” trademark, the Playa Bowls logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of Playa Bowls Shops and the Approved Products and Services, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

**“Operations Manual”** means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of Playa Bowls Shops including, but not limited to, the policies, procedures and requirements for the development and operation of Playa Bowls Shops. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Products and Services that must be offered and sold by the Franchised Business.

**“Owner”** means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee and/or in any Corporate Entity that maintains an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

**“Playa Bowls Shop(s)”** shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of “Playa Bowls Shops”, shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

**“Prohibited Activities”** means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person business that is not a Playa Bowls Shop.

**“Reasonable Business Judgment”** refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to this Agreement, the Franchise Agreement, the System, Playa Bowls Shops, Franchisee’s Shop Location, and/or the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Playa Bowls Shops, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment.

Franchisee agrees that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

**"Restricted Period"** means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse, in compliance with the terms of the Franchise Agreement, ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee the date on which your Spouse, in compliance with the terms of the Franchise Agreement, ceases to be an Owner of Franchisee.

**"Restricted Territory"** means the geographic area: (a) comprising Franchisee's Designated Territory; (b) within a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted a designated territory, then a 25 mile radius surrounding Franchisee's Shop Location; (c) within a 10 mile radius surrounding the Shop Locations for all other Playa Bowls Shops operating and/or under development as of the Effective Date; and (d) within a 10 mile radius surrounding the Shop Locations for all other Playa Bowls Shops that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Designated Territory plus a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Shop Location.

“Shop Facility” means the fixed commercial shop facilities including, the fixtures and improvements, from which Playa Bowls Shops are established, operated and managed.

“Shop Location(s)” means the location(s) from which Playa Bowls Shops are established, operated and managed.

“Spouse” means, as of the Effective Date, the legal spouse of an Owner.

“System” means our system for the development, establishment and operation of Playa Bowls Shops including, but not limited to: (a) the Approved Products and Services, System Supplies and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Playa Bowls Shop; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Playa Bowls Shop; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

“System Supplies” means, as designate by us, those ingredients, food products, beverages, packaging materials, and supplies including, but not limited to, acai, pitaya, mango, coconut, granola, juices, and toppings, used to prepare menu items and Approved Products and Services, and, as designated by us, all other supplies and equipment including, but not limited to, branded packaging, paper goods, materials, uniforms, displays, menu boards, merchandise, furniture, fixtures, and equipment designated by us in the Operations Manual and as may be modified and supplemented by us from time to time in our Reasonable Business Judgment, as being required for the development and operation of the Franchised Business.

“System Website” means the web page and/or pages located on the world wide web at the [www.playabowls.com](http://www.playabowls.com) URL (uniform resource locator) and shall further include all webpages and subdomains that are a part of [www.playabowls.com](http://www.playabowls.com), or as designated by us as being associated with the URL of [www.playabowls.com](http://www.playabowls.com) and/or Playa Bowls Shops.

“Trade Dress” means the Shop designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

“Transfer” means a transfer, sale and/or assignment whether legally, equitably or otherwise.

**3. Additional Acknowledgments by You.** The Recitals and Representations set forth in the beginning of this Agreement are hereby incorporated into this Agreement and are affirmed and agreed to by you. In addition to the foregoing, you represent, acknowledge, and agree that:

(a) as of the Effective Date you are an Owner and/or Spouse;

(b) you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;

(c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee that you have and may be gaining access to, among other things, the System and Intellectual Property;

(d) all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(f) the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

#### **4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.**

(a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized

copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other Shop franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

#### **5. Transfer Restrictions and Non-Competition Covenants and Restrictions.**

Notwithstanding anything contained in this Agreement to the contrary, you agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

#### **6. Personal Guaranty of Franchise Agreement and Financial Obligations.**

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all

of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement;

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

**You waive:** (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

**You agree that:** (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

**7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.**

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the

dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association (“AAA”) for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA’s then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Monmouth County, New Jersey or, if suitable AAA facilities are not available in Monmouth County, New Jersey then at a suitable AAA location selected by the arbitrator that is located closest to Monmouth County, New Jersey.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys’ fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

(b) Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New Jersey and within Monmouth County or the county closest to Monmouth County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.

(c) Acknowledgment as to Cross-Default – You agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

#### **8. Miscellaneous.**

(a) If either party hires an attorney or file suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party’s reasonable attorneys’ fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of New Jersey and the



courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each undersigned has executed this Agreement as of the dates set forth below.

**Owner / Spouse:**

**Owner / Spouse:**

Signature of Owner / Spouse

Signature of Owner / Spouse

Name (please print individual name)

Name (please print individual name)

Date

Date

Signature of Owner / Spouse

Signature of Owner / Spouse

Name (please print individual name)

Name (please print individual name)

Date

Date



**Franchise Agreement – Exhibit 2**  
**Confidentiality Agreement**

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]

CONFIDENTIALITY AGREEMENT (Sample Only)

This Agreement (the “Agreement”) is entered into by the undersigned (“you”) in favor of:

[Insert on the Line Below Name of Franchisee that Owns and Operates the Playa Bowls Franchised Business]

\_\_\_\_\_ (hereinafter referred to as “us”, “our” or “we”)

Recitals and Representations

WHEREAS, we are the owners of a licensed Playa Bowls shop (hereinafter referred to as the “Playa Bowls Shop”) that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Playa Bowls Shop that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Playa Bowls Franchisor LLC is not a party to this agreement and does not own or manage the Playa Bowls Shop but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Playa Bowls Shop.

NOW THEREFORE, you acknowledge and agree as follows:

**1. Recitals and Representations.** You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Management System” refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Playa Bowls Shop.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Playa Bowls Shop.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Playa Bowls Shop; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Playa Bowls Shop; (c) customer lists and

information related to the Playa Bowls Shop; (d) Business Management System Data; (e) current and future information contained in the Playa Bowls Operations Manual made available to the Playa Bowls Shop by Playa Bowls Franchisor LLC; and (f) recipes, production, cooking, and service procedures that are not disclosed to the public but used by the Playa Bowls Shop.

“Digital Media” refers to and means any interactive or static digital document, listing, directory, application, advertisement, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, [www.playabowls.com](http://www.playabowls.com), traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, references, identifies, reviews, promotes and/or relates, in any way, to, Playa Bowls Shops.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Playa Bowls Shop, including, but not limited to, the “Playa Bowls” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Playa Bowls Shop.

“Operations Manual” refers to and means the confidential Operations Manual made available to the Playa Bowls Shop by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

“Trade Dress” refers to and means the Playa Bowls designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Playa Bowls Shop.

**3. Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Playa Bowls Shop that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

**4. Protection of the Confidential Information.** You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Playa Bowls Shop; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

**5. Reasonableness of Covenants and Restrictions.** You agree that: the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor Playa Bowls Franchisor LLC, and other Playa Bowls franchisees for which there

is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor Playa Bowls Franchisor LLC to injunctive relief. You agree that we and/or our Franchisor Playa Bowls Franchisor LLC may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**7. Miscellaneous.**

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

**(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

**(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, PLAYA BOWLS FRANCHISOR LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.**

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

\_\_\_\_\_  
Individual Signature of Restricted Party

\_\_\_\_\_  
Individual Signature of Restricted Party

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

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

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



**Franchise Agreement – Exhibit 3**  
**Site Selection Acknowledgment**



Playa Bowls

## SITE SELECTION ACKNOWLEDGMENT

**(THIS DOCUMENT DOES NOT CONSTITUTE THE APPROVAL OF A RESTAURANT LOCATION, DOES NOT GRANT OR DESIGNATE A DESIGNATED TERRITORY AND DOES NOT GRANT ANY TERRITORIAL RIGHTS)**

**Date of this Acknowledgment:** \_\_\_\_\_ **(the "Site Selection Acknowledgment Date")**

Pursuant to and subject to the terms of the Franchise Agreement dated \_\_\_\_\_ by and between Playa Bowls Franchisor LLC, as Franchisor, and \_\_\_\_\_, as Franchisee (the "Franchise Agreement"), Franchisee has identified a potential area in which Franchisee may seek to identify a potential shop location for Franchisee's Playa Bowls Shop. Based on Franchisee's request, Franchisor agrees that during the limited period of time that commences on the Site Selection Acknowledgment Date and automatically expires 180 calendar days after the Site Selection Acknowledgment Date, that Franchisor shall not grant to any third party the license or right to establish a Playa Bowls Shop Location within the following geographic area constituting the Site Selection Area, as such term is defined in the Franchise Agreement:

Site Selection Area: [Must be completed by Franchisor]

The terms contained in this Site Selection Acknowledgment shall have the meaning set forth in the Franchise Agreement including, but not limited to Article 1 and Article 2 of the Franchise Agreement. In the event of any inconsistency or conflict between this Site Selection Acknowledgment and the terms of the Franchise Agreement, the terms of the Franchise Agreement shall take precedence and govern. If Franchisor does not complete the Site Selection Acknowledgment Date and sign this Site Selection Acknowledgment then this Site Select Addendum shall not be effective and there shall be no Site Selection Area. As set forth in the Franchise Agreement, among other things, A SITE SELECTION AREA IS NOT A DESIGNATED TERRITORY, DOES NOT CONSTITUTE THE APPROVAL AS TO ANY RESTAURANT LOCATION AND DOES NOT AFFORD FRANCHISEE ANY TERRITORIAL RIGHTS.

**Franchisor:** \_\_\_\_\_

Playa Bowls Franchisor LLC

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

Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated



**Franchise Agreement – Exhibit 4**  
**Lease Agreement Rider**





Playa Bowls  
**LEASE AGREEMENT RIDER**

(for the benefit of Playa Bowls Franchisor LLC and its assigns)

THIS RIDER TO LEASE ("Rider") does hereby supplement, modify and amend the terms of the lease agreement (the "Lease") dated \_\_\_\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ with a principal place of business located at \_\_\_\_\_ (the "Landlord") and \_\_\_\_\_, a \_\_\_\_\_ with a principal place of business located at \_\_\_\_\_ (the "Tenant").

WHEREAS, the lease relates to the following commercial premises (the "Leased Premises"):

\_\_\_\_\_

WHEREAS, Playa Bowls Franchisor LLC (the "Franchisor") is the franchisor of the Playa Bowls franchise system (the "Playa Bowls Franchise System");

WHEREAS, Franchisor's mailing and notice address (the "Notice Address") is 803 Ocean Avenue, Belmar, New Jersey 07719.

WHEREAS, The Playa Bowls Franchise System relates to and includes fast-causal shops featuring acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, smoothies, juices, and other healthy menu items and other menu items that the Franchisor authorizes under the "Playa Bowls" name and marks (the "Intended Use");

WHEREAS, Tenant is a franchisee of Franchisor pursuant to the terms of a Franchise Agreement entered into between Franchisor and Tenant (the "Franchise Agreement") and the Leased Premises is to be used and operated by Tenant for the purpose of developing, establishing and operating a Playa Bowls Shop in accordance with the Playa Bowls franchise system; and

WHEREAS, Franchisor and Franchisor's successors and assigns (collectively referred to as "Franchisor") is/are intended third party beneficiaries of this Rider.

NOW THEREFORE, Landlord and Tenant acknowledge and agree to the following:

1. This Rider supplements and amends the Lease. In the event of any inconsistency or conflict between the terms of this Rider and the Lease, the terms of this Rider shall prevail. Landlord and Tenant acknowledge that the rights set forth in this Rider may not be reduced, modified or altered without the express written consent of Franchisor.

2. Landlord and Tenant both agree that Tenant shall not be permitted to transfer, sublease, encumber and/or otherwise assign Tenant's interests in the Lease and/or the Leased Premises without the prior written consent of Franchisor. Without limitation to the foregoing, among other things, Tenant agrees that if Tenant wishes to transfer any interests in the Lease or the Leased Premises that Tenant must request the written consent of Franchisor. If Tenant requests Landlord's consent to Tenant's amendment, transfer and/or

assignment of Tenant's interests in the Lease and/or the Leased Premises and if Landlord is inclined to approve of such amendment, transfer and/or assignment that Landlord shall condition Landlord's approval upon Tenant also obtaining written consent from Franchisor.

3. Upon the occurrence of (a) the termination, for any reason, of the Franchise Agreement; (b) the expiration, without renewal, of the Franchise Agreement; (c) Franchisor's exercise of Franchisor's Right of First Refusal granted to Franchisor in the Franchise Agreement; (d) Tenant's default under the terms of the Lease; and/or (e) Tenant's failure to exercise an option period under the terms of the Lease, Tenant and Landlord acknowledge and agree, that:

Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the Leased Premises, including the right to sublease to another Franchisee of the Playa Bowls Franchise System, for all or any part of the remaining term of the Lease and, in connection with said assumption, Franchisor will not be obligated to pay to Landlord more than two months past due rent, real estate taxes and common area maintenance charges. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to a Playa Bowls franchisee approved by Landlord, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

4. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Premises. Subject to the rights set forth in Section "3" of this Rider, Landlord agrees to notify Franchisor by nationally recognized overnight courier at the Notice Address of any default by Tenant under the Lease. Landlord agrees that such notice shall afford Franchisor the option for Franchisor to invoke a cure period whereby Franchisor, upon Franchisor's sole election, shall be granted an additional 15 day period to cure any monetary default by Tenant under the Lease and an additional 30 day period to cure any non-monetary default by Tenant under the Lease. In the event that the non-monetary default cannot reasonably be cured within such period and if diligent efforts to cure promptly commence, then the cure period shall continue as long as such diligent efforts to cure continue, but not beyond 180 days from the date notice is provided.

5. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Premises and remove any interior and exterior signs containing Franchisor's trademarks and trade fixtures. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

6. Landlord and Tenant acknowledge and agree that Franchisor is an intended third party beneficiary of this Rider and that Franchisor may bring an action to enforce Franchisor's rights under this Rider and in and to the Lease and the Leased Premises. Franchisor makes no representations or warranties regarding this Rider or in connection with the Lease and Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

7. Upon request of Franchisor, the Landlord will subordinate any lien and/or security interest in Tenant's property to the security interest of Franchisor.

**Landlord:** \_\_\_\_\_ **Tenant:** \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated



**Franchise Agreement – Exhibit 5**  
**Collateral Assignment of Lease**



**COLLATERAL ASSIGNMENT OF LEASE**

(for the benefit of Playa Bowls Franchisor LLC and its assigns)

For

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

**PRINCIPALS:**

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

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





## Attachment 2 to Franchise Agreement

### COLLATERAL ASSIGNMENT OF LEASE

~~FOR VALUE RECEIVED~~ Value Received, the undersigned ("Assignor") hereby assigns, and transfers ~~and sets over~~ to Playa Bowls Franchisor LLC, ~~a New Jersey limited liability company~~ ("Assignee"), all of Assignor's right ~~and~~ title ~~to~~ and interest ~~as tenant in that, to and under a certain~~ "Lease" lease, a copy of which is attached ~~hereto~~ as Exhibit "A ~~respecting~~" (the "Lease") for the following premises ~~commonly known as~~ \_\_\_\_\_ (the "Leased Premises"):

\_\_\_\_\_

\_\_\_\_\_

This ~~assignment~~ Assignment is for collateral purposes only and except as ~~may be otherwise expressly stated~~ and specified ~~in this document~~ therein under no circumstance shall Assignee will have ~~no any~~ liability or obligation of any kind whatsoever arising from or in connection with this assignment or under the Lease and/or Leased Premises, unless and until: (a) Assignee provides an express written statement that is addressed to Assignor and the landlord for the Leased Premises, is delivered by Assignee to Assignor and the landlord for the Leased Premises, is signed by an officer of Assignee, and that expressly states that Assignee is assuming all rights and interests in and to the Lease pursuant to this Assignment; and (b) Assignee takes possession of the ~~premises the Lease demises according~~ Leased Premises pursuant to the terms ~~of this document~~ thereof, and Assignee assumes ~~Assignor's~~ the obligations of Assignor under the Lease.

Assignor represents ~~and warrants to Assignee that it has~~ Assignor possesses full power and authority to ~~assign the Lease~~ enter into this Assignment and that at no time prior to executing this Assignment has Assignor ~~has not previously assigned and/or transferred Assignor's interests and is not~~ otherwise obligated to assign ~~or transfer any of its interest~~ rights in or to the Lease and/or the premises it demises ~~Leased Premises~~.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Shop between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignee has the right and possesses full power and authority to take possession of the Leased Premises, to eject and expel Assignor from possession and occupancy of the Leased Premises and to terminate Assignor's right, title and interest in and to the Lease in the event of: (a) a default by Assignor under the terms of the Lease and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (b) a default by Assignor (in Assignor's capacity as a Playa Bowls Shop franchisee) under the terms and conditions of the Playa Bowls Shop Franchise Agreement between Assignor, as franchisee, and Assignee, as franchisor (the "Franchise Agreement"), and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (c) upon default of any agreement supporting or guaranteeing the Franchise Agreement; or (d) the expiration or termination of the Franchise Agreement.

Assignor agrees that it Assignor will not and shall not permit, grant or suffer or permit any termination, surrender, termination, amendment or modification of the Lease without Assignee's the prior written consent of Assignee. Throughout the term of the Franchise Agreement, Assignor agrees that it will shall elect and exercise all options to extend the term of or renewrenewal of the Lease not less than 30120 days beforeprior to the last day upon whichthat the option must be exercised unless Assignee agrees otherwise agrees in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as requiredShould Assignor appointsfail to comply with the foregoing, Assignor does hereby appoint Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead(subject to Assignee's acceptance and invocation of such right) to act on behalf of Assignor for the sole purpose of effecting the extension or renewaleffectuating extensions and renewals of the Lease.

ASSIGNEE: \_\_\_\_\_ ASSIGNOR: \_\_\_\_\_  
PLAYA BOWLS FRANCHISOR LLC \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_  
Date: \_\_\_\_\_ Date: \_\_\_\_\_



**CONSENT TO COLLATERAL Assignor:** \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated

NOTARY SIGNATURE, SEAL AND INFORMATION: On \_\_\_\_\_ before me, the undersigned, personally appeared \_\_\_\_\_ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Signature and Seal



2024





**Franchise Agreement – Exhibit 6**  
**Assignment of Telephone Numbers and Digital Media Accounts**



**ASSIGNMENT AND AGREEMENT OF LESSOR OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS**

\_\_\_\_\_ The undersigned Lessor under (for the Lease:

\_\_\_\_\_ (a) \_\_\_\_\_ Agrees to notify Assignee in writing benefit of and upon Assignor's failure to cure any default by Assignor under the Lease;

\_\_\_\_\_ (b) \_\_\_\_\_ Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within 30 days after Lessor's delivery of notice of the default under section (a) above;

\_\_\_\_\_ (c) \_\_\_\_\_ Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30 day period noted in section (b) above Assignor's defaults under the Lease; and

\_\_\_\_\_ (d) \_\_\_\_\_ Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Shop.

\_\_\_\_\_ Dated: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_, Lessor



**Attachment 3 to Franchise Agreement**

**DATA SHEET AND STATEMENT OF OWNERSHIP  
INTERESTS IN FRANCHISEE**

A. Franchisee Entity: \_\_\_\_\_

B. Entity Address: \_\_\_\_\_

C. Principals: Name: \_\_\_\_\_

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

Mobile Phone: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Work Phone: \_\_\_\_\_

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

Percentage Ownership in Entity: \_\_\_\_\_%

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

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

Mobile Phone: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Work Phone: \_\_\_\_\_

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

Percentage Ownership in Entity: \_\_\_\_\_%

~~[SIGNATURE PAGE TO FOLLOW]~~



FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS: \_\_\_\_\_ PRINCIPALS: \_\_\_\_\_

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





#### Attachment 4 to Franchise Agreement

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (for trained employees and managers of the Franchised Business)

\_\_\_\_\_ In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_  
("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is  
acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_  
(the "Franchise Agreement"), Franchisee has acquired the right and franchise from Playa Bowls  
Franchisor LLC (the "Company") to establish and operate a Playa Bowls Shop (the "Franchised  
Business") and the right to use in the operation of the Franchised Business the Company's trade  
names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"),  
as they may be changed, improved and further developed from time to time in the Company's sole  
discretion, only at the following authorized and Accepted Location:  
\_\_\_\_\_  
(the "Accepted Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has  
developed and owns a distinctive format and system (the "System") relating to the establishment  
and operation of Franchised Businesses offering acai bowls, pitaya bowls, coconut bowls, chia  
pudding bowls, oatmeal bowls, smoothies, juices, and other healthy food options. The Company  
possesses certain proprietary and confidential information relating to the operation of the System,  
which includes certain proprietary trade secrets, recipes, methods, techniques, formats,  
specifications, systems, procedures, methods of business practices and management, sales and  
promotional techniques and knowledge of, and experience in, the operation of the Franchised  
Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company  
specifically designates as confidential shall be deemed to be Confidential Information for purposes  
of this Agreement.

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the  
Confidential Information to me in furnishing to me training programs, the Company's Confidential  
Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise  
Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to  
utilize it in the operation of the Franchised Business during the term of the Franchise Agreement,  
and the use or duplication of the Confidential Information for any use outside the System would  
constitute an unfair method of competition.



\_\_\_\_ 6. \_\_\_\_ The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

\_\_\_\_ 7. \_\_\_\_ Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

\_\_\_\_ 7.1 \_\_\_\_ Franchisee's Designated Territory, as defined in the Franchise Agreement ("Franchisee's Designated Territory");

\_\_\_\_ 7.2 \_\_\_\_ 25 miles of Franchisee's Designated Territory; or

\_\_\_\_ 7.3 \_\_\_\_ 25 miles of any Franchised Business operating under the System and the Proprietary Marks.

\_\_\_\_ The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than 5% beneficial interest in the outstanding securities of any publicly held company.

\_\_\_\_ 8. \_\_\_\_ I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.



9. I understand and acknowledge that the Company shall have the right, in ~~and~~ its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified. assigns)

10. The Company is a third party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of New Jersey, without regard to the application of New Jersey conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Title

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





**Attachment 5 to Franchise Agreement**

**ELECTRONIC TRANSFER AUTHORIZATION**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND  
PAYABLE TO PLAYA BOWLS FRANCHISOR LLC ("COMPANY")**

\_\_\_\_ Depositor hereby authorizes and requests \_\_\_\_\_  
(the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings  
account (select one) indicated below drawn by and payable to the order of Playa Bowls Franchisor  
LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the  
amount upon presentation.

\_\_\_\_ Depositor agrees that the Depository's rights with respect to each such charge shall be the  
same as if it were a check drawn by the Depository and signed by Depositor. Depositor further  
agrees that if any such charge is dishonored, whether with or without cause and whether  
intentionally or inadvertently, the Depository shall be under no liability whatsoever.

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

\_\_\_\_ This authority is to remain in full force and effect until Company has received written  
notification from me (or either of us) of its termination in such time and in such manner to afford  
Company and Depository a reasonable opportunity to act on such request.

Depositor: (Please Print)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date Signed

\_\_\_\_\_

\_\_\_\_\_





Signature(s) of Depositor, as Printed Above

~~Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.~~





## Attachment 6 to Franchise Agreement

### INTERNET ADVERTISING, DIGITAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

**THIS INTERNET ADVERTISING, DIGITAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT** (the "Agreement") is made and entered into this day of \_\_\_\_\_ (the "Effective Date") by and between Playa Bowls Franchisor LLC, a New Jersey limited liability company (the "Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ (the "Franchisee").

—THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS (the "Assignment") is entered into between \_\_\_\_\_ (the "Assignor") and Playa Bowls Franchisor LLC and its successors and assigns (the "Assignee").

WHEREAS, ~~Franchisee desires to enter into a Franchise Agreement with Franchisor for a Assignee is the franchisor of the Playa Bowls Shop franchise system (the "Playa Bowls business" ("Shop Franchise Agreement"; and System");~~

—WHEREAS, ~~Franchisor would not enter into the Assignor, as franchisee, and Assignee, as franchisor, are parties to a Playa Bowls Shop Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement related to the use of Digital Media as such term is defined in this Agreement.~~

—NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the (the "Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:");

#### 1. Definitions

—The WHEREAS, the term "Digital Media" shall refer to and mean any interactive or static digital document, listing, directory, application, advertisement, ~~e-commerce platform~~, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms ~~including, without limitation, such as~~ Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, ~~references~~ references, identifies, reviews, promotes and/or relates, in any way, to a Playa Bowls Shop, Playa Bowls Shops, Franchisee's Assignor's Playa Bowls Shop, and/or trademarks associated with the Marks Playa Bowls Shop, the Playa Bowls Shop Franchise System and/or us. Without limitation to the foregoing, Digital Media includes our designated website(s), and all other media Assignee; and/or publications relating to the System that is displayed and/or transmitted digitally.



~~All terms used but not otherwise defined~~WHEREAS, in this Agreement shall have the meaningsconnection with Assignor's establishment and operation of a Playa Bowls Shop. Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement. "Termination" of

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor's Playa Bowls Shop including, the following (all collectively referred to as the "Media"):

- (a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor's Playa Bowls Shop;
- (b) The following telephone and facsimile numbers:  
\_\_\_\_\_  
\_\_\_\_\_; and
- (c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the Playa Bowls Shop Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof, the Franchise Agreement shall take precedence and govern.

## 2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Digital Media. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain Digital Media (collectively, "Digital Media") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:



~~2.3.1—direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Digital Media: (i) to transfer all of Franchisee’s interest in such Digital Media to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Digital Media, Franchisee will immediately direct the Internet Companies to terminate such Digital Media or will take such other actions with respect to the Digital Media as Franchisor directs; and~~

~~2.3.2—direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.~~

~~2.4—Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:~~

~~2.4.1—Direct the Internet Companies to transfer all Franchisee’s interest in and to the Digital Media to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Digital Media;~~

~~2.4.2—Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and~~

~~2.4.3—Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.~~

~~2.5—Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.~~

~~2.6—Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or~~



obligations with respect to the particular Digital Media and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. ~~Miscellaneous~~

3.1 ~~Release.~~ Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 ~~Indemnification.~~ Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 ~~No Duty.~~ The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 ~~Further Assurances.~~ Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 ~~Successors, Assigns, and Affiliates.~~ All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 ~~Effect on Other Agreements.~~ Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 ~~Survival.~~ This Agreement shall survive the Termination of the Franchise Agreement.

3.8 ~~Governing Law.~~ This Agreement shall be governed by and construed under the laws of the State of New Jersey, without regard to the application of New Jersey conflict of law rules.



\_\_\_\_ The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

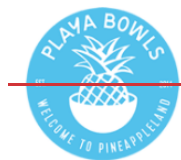


2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor acknowledges that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

**UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.**

**Assignee:** \_\_\_\_\_  
Playa Bowls Franchisor LLC

**Assignor:** \_\_\_\_\_



**Attachment 7 to Franchise Agreement**

**FRANCHISEE ACKNOWLEDGMENT  
STATEMENT**

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name and Title (please print) \_\_\_\_\_

Name (please print) \_\_\_\_\_

Dated \_\_\_\_\_

Dated \_\_\_\_\_

You hereby acknowledge the following:

1. You have conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to you by us and you and any and all Principals hereby waive any claim against us for any business failure you may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.



\_\_\_\_\_  
Initial

3. — You agree that no claims of success or failure have been made to you prior to signing the Franchise Agreement and that you understand all the terms and conditions of the Franchise Agreement. You further acknowledge that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. — You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. — You expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. — You acknowledge that our approval or acceptance of your Franchised Business' location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by us that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial





7. ~~You acknowledge that you have received the Playa Bowls Franchisor LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least 14 calendar days prior to the date on which the Franchise Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.~~

\_\_\_\_\_  
Initial

8. ~~You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants and other advisors and that the attorneys for us have not advised or represented you with respect to the Franchise Agreement or the relationship thereby created.~~

\_\_\_\_\_  
Initial

9. ~~You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.~~

\_\_\_\_\_  
Initial

10. ~~You are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.~~

\_\_\_\_\_  
Initial

11. ~~It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that we do not warrant that such products will not be sold within your Designated Territory by others who may have purchased such products from us.~~

\_\_\_\_\_  
Initial

12. ~~BY EXECUTING THE FRANCHISE AGREEMENT, YOU AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF YOUR AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER~~



RELEASE AND DISCHARGE PLAYA BOWLS FRANCHISOR LLC, PLAYA BOWLS, LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

\_\_\_\_\_  
Initial

Maryland Disclosure: 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.

Acknowledged this day of \_\_\_\_\_.

PRINCIPAL: _____	FRANCHISEE: _____
_____ Signature	By: _____
Name: _____	Name: _____
_____	Title: _____





## Attachment 8 to Franchise Agreement

### AMERICANS WITH DISABILITIES ACT CERTIFICATION

\_\_\_\_ Playa Bowls Franchisor LLC (“Franchisor”) and \_\_\_\_\_  
 (“Franchisee”) are parties to a Franchise Agreement dated \_\_\_\_\_  
 \_\_\_\_\_, for the operation of a “Playa Bowls” Shop at \_\_\_\_\_ (the  
 “Franchised Business”). In accordance with Article 2 of the Franchise Agreement, Franchisee  
 certifies to Franchisor that, to the best of Franchisee’s knowledge, the Franchised Business and  
 its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes,  
 codes, rules, regulations and standards, including but not limited to the Americans with  
 Disabilities Act. Franchisee acknowledges that it is an independent contractor and the  
 requirement of this certification by Franchisee does not constitute ownership, control, leasing or  
 operation of the Franchised Business. Franchisee acknowledges that Franchisee has relied on the  
 information contained in this certification. Furthermore, Franchisee acknowledge its obligation  
 under this Franchise Agreement to indemnify Franchisor and the officers, directors, and  
 employees of Franchisor in connection with any and all claims, losses, costs, expenses,  
 liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of  
 any matters associated with Franchisee’s compliance with the Americans with Disabilities Act,  
 as well as the costs, including attorneys’ fees, related to the same.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ **FRANCHISEE**  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



2024

1 \_\_\_\_\_

Playa Bowls FDD April 28, 2023~~8~~



**Attachment 9 to Franchise Agreement – Exhibit 7**

**SPOUSAL GUARANTYACH Authorization Form**



This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_ (the “Effective Date”), to Playa Bowls Franchisor LLC, a New Jersey limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Article 10 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and



notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR – SPOUSE OF FRANCHISEE'S PRINCIPAL:

\_\_\_\_\_  
*Signature*

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



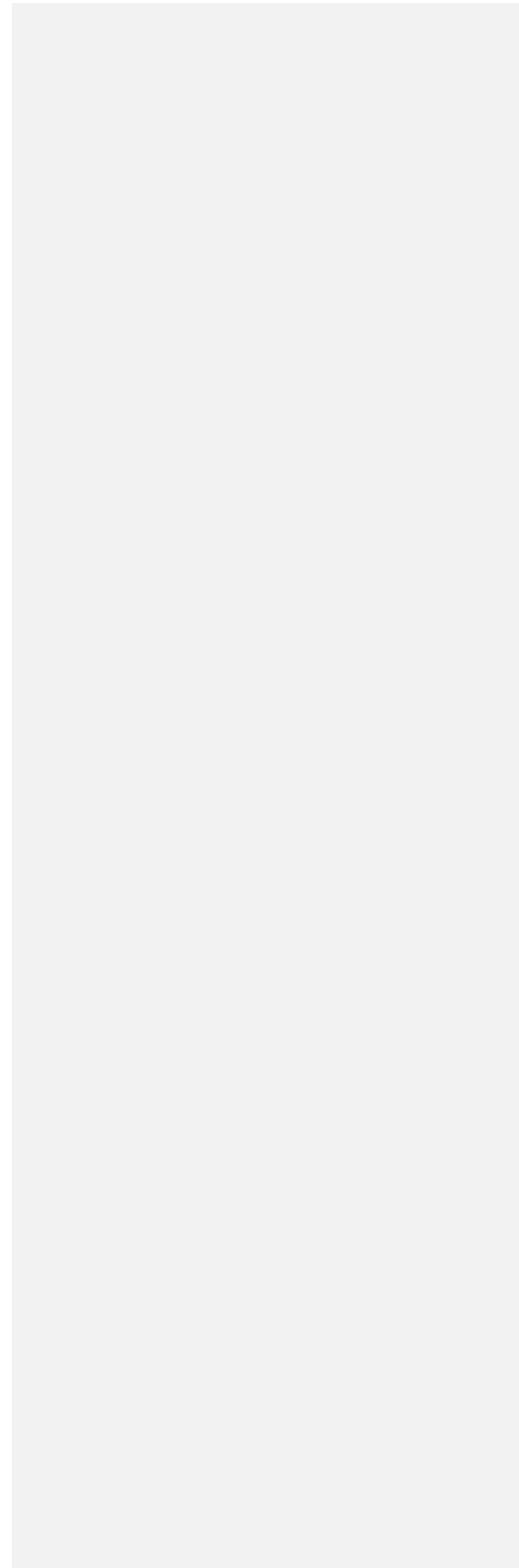
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Playa Bowls FDD April ~~28, 2023~~, 2024





**Exhibit C to the  
Playa Bowls Franchise Disclosure Document**

**MULTI-UNIT DEVELOPMENT AGREEMENT****AUTOMATED  
CLEARING HOUSE PAYMENT AUTHORIZATION FORM**



**Franchisee Information:**

Franchisee Name \_\_\_\_\_ Business No. \_\_\_\_\_

Franchisee Mailing Address (street) \_\_\_\_\_ Franchisee Phone No. \_\_\_\_\_

Franchisee Mailing Address (city, state, zip) \_\_\_\_\_

Contact Name, Address and Phone Number (if different from above) \_\_\_\_\_

Franchisee Fax No. \_\_\_\_\_ Franchisee Email Address \_\_\_\_\_

**Bank Account Information:**

Bank Name \_\_\_\_\_

Bank Mailing Address (street, city, state, zip) \_\_\_\_\_

\_\_\_\_\_ ☐ Checking ☐ Savings

Bank Account No. \_\_\_\_\_ (check one) Bank Routing No. \_\_\_\_\_

Bank Phone No. \_\_\_\_\_

**Authorization:**

Franchisee hereby authorizes Playa Bowls Franchisor LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

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

Name: \_\_\_\_\_ Federal Tax TD No.: \_\_\_\_\_

Its: \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT**



**Franchise Agreement – Exhibit 8**  
**General Release (Form)**



FORM OF GENERAL RELEASE

GENERAL RELEASE





PLAYA BOWLS FRANCHISOR LLC

MULTI-UNIT DEVELOPMENT

THIS GENERAL RELEASE (the "Release") is made as of \_\_\_\_\_ (the "Effective Date") by:

(a) \_\_\_\_\_, a(n) \_\_\_\_\_, and \_\_\_\_\_, a(n) \_\_\_\_\_  
(individually, jointly, severally, and collectively referred to as "Franchisee"), and

(b) if Franchisee is a Corporate Entity, the following individuals: \_\_\_\_\_, an individual residing at \_\_\_\_\_, and \_\_\_\_\_, an individual residing at \_\_\_\_\_  
(individually, jointly, severally, and collectively referred to as the "Individual Guarantors") (Franchisee and the Individual Guarantors, respectively, are hereinafter individually, jointly, severally, and collectively referred to as the "Releasor").

In Favor of, Playa Bowls Franchisor LLC a New Jersey limited liability company with a principal address at 803 Ocean Avenue, Belmar, New Jersey 07719, and Playa Bowls Franchisor LLC's predecessors, affiliates, successors, assigns, officers, directors, managers, employees, and agents (hereinafter individually, jointly, severally, and collectively referred to as the "Releasee").

IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION FROM PLAYA BOWLS FRANCHISOR LLC AND/OR RELEASEE, AND WITH THE RECEIPT AND SUFFICIENCY OF SUCH CONSIDERATION BEING HEREBY ACKNOWLEDGED BY RELEASOR, RELEASOR DOES HEREBY, FOR ITSELF AND FOR RELEASOR'S SUCCESSORS AND ASSIGNS HEREBY RELEASE AND FOREVER DISCHARGE RELEASEE FROM:

Any and all claims including, but not limited to Franchise Claims (defined below), causes of action, violations, damages, actions, contracts, covenants, promises, judgments, suits, indebtedness, liabilities, accounts, and demands of every kind and nature (hereinafter all collectively referred to as the "Claims" or "Claim"), whether or not such Claims are presently known or unknown, disclosed or undisclosed, actual or potential, accrued or unaccrued and whether in law, admiralty, common law, or equity which against the Releasee, Releasor ever had, now has or hereafter can, shall or may, have for, upon, or by reason of any Claim, matter, cause or thing whatsoever from the beginning of the world to the Effective Date of this Release.

Without limitation to the foregoing, the definition of the term "Claims" or "Claim," includes and, thereby this Release shall apply to, any and all claims, causes of action, violations, damages, actions, contracts, covenants, promises, judgments, suits, indebtedness, liabilities, accounts, and demands of every kind and nature, whether or not such Claims are presently known or unknown, disclosed or undisclosed, actual or potential, accrued or unaccrued, relating to and/or with regard to each and every violation and breach of any and all federal and state franchise laws, franchise rules, or franchise regulations, including those franchise laws, rules, and regulations that relate to and govern the offer or sale of franchises, the offer or sale of business opportunities, the terms of the Franchise Agreement,



and the offer and sale of the franchise opportunity related to the Franchise Agreement (collectively, referred to as “Franchise Claims”).

This Release may not be changed orally.

This Release may be signed in counterparts, with each counterpart being binding against the party executing it and considered as an original.

This Release shall be interpreted in accordance with the laws of the State of New Jersey. In the event that any action or legal proceeding is commenced respecting or related to this Release or the enforceability of this Release, the prevailing party in such legal action or proceeding shall be entitled to the recovery of reasonable attorneys’ fees.

IN WITNESS WHEREOF, the Releasor has hereunto set Releasor’s hand and seal on the date set forth below.

**Releasor:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated





**Franchise Agreement – Exhibit 9**  
**Food Truck Addendum**



## **FOOD TRUCK ADDENDUM TO FRANCHISE AGREEMENT**

Between Playa Bowls Franchisor LLC and \_\_\_\_\_

THIS FOOD TRUCK ADDENDUM TO FRANCHISE AGREEMENT is dated as of \_\_\_\_\_ (this "Addendum") and does hereby modify the Playa Bowls Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement") by and between Playa Bowls Franchisor LLC, a New Jersey limited liability company, with an address of 803 Ocean Avenue, Belmar, New Jersey 07719 ("Franchisor") and \_\_\_\_\_ (the "Franchisee").

### **RECITALS**

WHEREAS, Franchisee represents that Franchisee has developed and currently operates a Playa Bowls Shop pursuant to the terms of the Franchise Agreement;

WHEREAS, The Playa Bowls Shop is located at the following accepted Shop Location \_\_\_\_\_;

WHEREAS, Pursuant to the terms of the Franchise Agreement Franchisee's Shop and, thereby, the Accepted Location is located with the Designated Territory set forth in the Franchise Agreement except that if the Franchise Agreement does not designate a Designated Territory, there is no Designated Territory;

WHEREAS, Franchisee acknowledges and agrees that pursuant to the terms of the Franchise Agreement, the Franchised Business and, thereby, Franchisee's Playa Bowls Shop is a fixed location shop to be developed and operated by Franchisee at the Accepted Location and pursuant to the terms of the Franchise Agreement;

WHEREAS, for promotional purposes Franchisee has requested Franchisor's consent authorizing and allowing Franchisee to develop and operate a Playa Bowls identified and branded food truck (the "Food Truck") that promotes, offers, and sells a limited menu that, as designated by Franchisor may include acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, smoothies, juices, and other healthy menu items (the "Approved Products and Services") in accordance with the terms of the Franchise Agreement, the System, and System standards and specifications that Franchisor may designate and modify from time-to-time in Franchisor's discretion and as may be applicable to the Food Truck; and

WHEREAS, in connection with Franchisee's request to develop and operate a Food Truck, Franchisor consents to Franchisee's request subject to the terms and conditions of this Addendum.

NOW THEREFORE, Franchisee and Franchisor wish to modify the terms to the Franchise Agreement as follows:

**1. Addendum Governs.** Except as expressly provided herein, the terms and conditions of the Franchise Agreement will govern the relationship of the parties to this Addendum. To the extent that the terms of this Addendum are inconsistent with any of the terms or conditions of the Franchise Agreement, the terms of this Addendum shall take precedence and govern.

**2. Capitalized Terms.** Capitalized terms used but not defined in this Addendum shall have the meaning(s) given such term(s) in the Franchise Agreement.

**3. Food Truck Development and Operation.** The Food Truck must be developed in accordance with Franchisor's specifications and requirements and must be purchased from Franchisor approved suppliers and vendors. At all times, the Food Truck must be operated in accordance with Franchisor's System standards and requirements as such standards and requirements currently exist and as such standards and requirements may be amended, modified, and/or supplemented from time-to-time in Franchisor's discretion. Without limitation to the foregoing, Franchisee and Franchisor further agree:



(a) Within the Franchise Agreement reference to the term “Franchised Business” and “Shop” shall also include the Food Truck as such term is defined in this Addendum but subject to the terms and conditions of this Addendum which shall take precedence and control as to any inconsistency related to the development and/or operations of the Food Truck;

(b) The Food Truck shall be developed and operated for the purpose of supporting and promoting Franchisee’s Playa Bowls Shop;

(c) The Food Truck is not an additional and/or individual business and/or Franchise Business but, rather, an instrument for promoting the Shop within Franchisee’s Designated Territory and subject to the requirements of this Addendum;

(d) The Food Truck cannot be operated, transferred and/or sold, independent of the Shop;

(e) The definition of “Gross Sales” set forth in Article 1 of the Franchise Agreement is supplemented to add the following sentence:

“ Gross Sales shall further refer to, include, and mean the total selling price of all services and products and all income of every other kind and nature related to the Food Truck, whether for cash or credit and regardless of collection in the case of credit;”

(f) The Food Truck cannot be operated outside of Franchisee’s Designated Territory and, even as to operations of the Food Truck within Franchisee’s Designated Territory, the Food Truck must be operated at locations and/or events that are pre-approved by Franchisor in writing, and that meet Franchisor’s standards and specifications and as Franchisor may reasonably modify those standards and specifications from time-to-time;

(g) To the extent that Franchisee wishes to operate the Food Truck – on a limited and temporary basis – at a location outside of Franchisee’s Designated Territory, Franchisee must submit a written request to Franchisor which Franchisor may grant, conditionally grant, or reject in Franchisor’s sole discretion for any reason or no reason at all;

(h) To the extent that Franchisee wishes to operate the Food Truck at a Non-Traditional Site located within Franchisee’s Designated Territory, Franchisee must submit a written request to Franchisor which Franchisor may grant, conditionally grant, or reject in Franchisor’s sole discretion for any reason or no reason at all;

(i) Without limitation to the foregoing, Franchisee acknowledges and agrees that there may be instances where Franchisor, in Franchisor’s sole and absolute discretion, may prohibit Franchisee from operating Franchisee’s food truck at locations within Franchisee’s Designated Territory due to the proximity of the location to another Playa Bowls Shop and/or designated territory;

(j) Franchisee must insure the Food Truck in accordance with Franchisor’s standards and specifications and name Franchisor an additional insured; and

(k) At all times Franchisee’s development and operation of the Food Truck including, but not limited to, designated point of sale systems, use of point of sale systems, displays, orderings systems, tracking systems, mobile wifi / internet / 5G+ connections, and equipment must conform to Franchisor’s then current standards and specifications as set forth in the Operations and/or as communicated by Franchisor to Franchisee and as may be supplemented and/or modified from time-to-time.

**4. Safety and Operations.** Franchisee acknowledges and represents that Franchisee shall maintain the Food Truck in a safe, clean, and well maintained vehicle that meets all applicable safety standards, rules and



regulations and acknowledges that it is Franchisee's sole and exclusive obligation to safely maintain and operate the Food Truck.

**5. Sale and/or Disposal Food Truck and Franchisor's Right of First Refusal.** Franchisee acknowledges and agrees that Franchisee shall not transfer, sell or dispose of the Food Truck and/or permit any third-party usage of the Food Truck without the express written consent of Franchisor which may be granted or withheld by Franchisor in Franchisor's sole discretion. Without limitation to the foregoing, if Franchisee wishes to transfer, sell, license, lease, loan, and/or dispose of the Food Truck (a "Transaction"), Franchisee must first submit to Franchisor a written notice of the proposed Transaction (the "Notice") and that for a period of 30 days after Franchisor's receipt of the Notice which must include copies of all documentation required by Franchisor including information related to the Food Truck, ownership, licensing, registration, and other information related to the Transaction, Franchisor, at Franchisor's sole election, may elect to accept and takeover, either directly and/or through an affiliate or third-party designee, the Transaction as the purchaser, transferee, assignee, and/or licensee. In the event that Franchisor elects to assume the Transaction, closing on such Transaction must occur within the latest of (a) 60 days from the date of Franchisor's notice electing to assume the Transaction, (b) 60 days from the date Franchisor receives or obtains all necessary documentation, permits and approvals, or (c) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer.

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**MULTI-UNIT DEVELOPER**

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**DATE OF AGREEMENT**



If Franchisor elects to not invoke Franchisor's right of first refusal or any other rights under this Agreement related to the Transaction, Franchisee agrees that Franchisor, in Franchisor's sole discretion, may restrict and condition the Transaction based on terms and conditions required by Franchisor including, but not limited to, the complete de-identification of the Food Truck and that branded materials and/or equipment be resold to Franchisor at market rates that account for current market value, condition, wear and tear, and depreciation.

**6. Counterparts.** This Addendum may be executed in one or more counterparts, and by PDF or other electronic signature, each of which will be deemed to be an original copy of this Addendum and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Addendum effective as of the day and year first above written.

**Franchisor: Playa Bowls Franchisor LLC** **Franchisee:**

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

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

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated



FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT F**  
MULTI-UNIT DEVELOPMENT AGREEMENT



8, 2024

Playa Bowls FDD April 28, 2023





PLAYA BOWLS

**MULTI-UNIT DEVELOPMENT AGREEMENT**

FRANCHISEE:

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## **Playa Bowls Multi-Unit Development Agreement**

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#### Schedule

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Schedule A      Development ~~Area~~





Information Sheet



28. 2023  
8. 2024

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Playa Bowls FDD April



## MULTI-UNIT DEVELOPMENT AGREEMENT

~~This~~ ~~THIS MULTI-UNIT DEVELOPMENT AGREEMENT~~ (“Multi-Unit Development Agreement (the “Agreement”) is made and entered into this day of \_\_\_\_\_, on \_\_\_\_\_ (“Effective Date”), by and between Playa Bowls Franchisor LLC, a New Jersey limited liability company, ~~having its with a~~ principal place of business ~~located~~ at 803 Ocean Avenue, Belmar, New Jersey 07719 (“we”, “us” or “our”), and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (hereinafter “you” or “your”, (the “Franchisor”) and \_\_\_\_\_ (the “Franchisee”).

### WITNESSETH:

#### RECITALS

~~WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have Franchisor has developed and own a unique and a distinctive and proprietary system (hereinafter the “System”) relating to for the establishment, development and operation of a fast-casual shop operating under the name “Playa Bowls” offering featuring acai bowls, pitaya bowls, coconut bowls, chia puddingmango bowls, oatmeal bowls, smoothies, juices, and other healthy food options for dine-in and take-out (“Shop” or menu items (each, a “Franchised Business” or “Shop”);~~

~~WHEREAS, the distinguishing characteristics of the System include, without limitation, and, therefore, each Shop is identified by the Marks (defined below) and distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary trade dress, service offerings, business formats, equipment, products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and supplies, operating procedures for operations; quality and uniformity of products and services offered; programs, methods, procedures for inventory, management and financial control; training and assistance; and marketing and advertising and promotional programs; standards, all of which are part of the System and all of which Franchisor may be changed, improved, and further developed by us modify from time to time;~~

~~WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “Playa Bowls” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks” or “Proprietary Marks”);~~

~~WHEREAS, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service; and~~



~~WHEREAS, you wish to obtain certain development rights to open and operate Shops operating under the Marks and the System within the Development Area described in this Agreement.~~

~~WHEREAS, simultaneous or prior to the execution of this Agreement, Franchisor and Franchisee have entered into a Shop Franchise Agreement for Franchisee's development and operation of a Shop (the "First Development Shop") to be located within a territory located within the Development Area (defined below);~~

~~WHEREAS, Franchisee has requested the right to develop and operate multiple Shops (each a "Development Shop") to be located within a defined geographical area (the "Development Area") in accordance with a development schedule that must be strictly adhered to, with each Shop within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then current Franchise Agreement for Playa Bowls Shops (each, a "Franchise Agreement"); and~~

~~WHEREAS, Franchisee agrees that adherence to the terms of this Agreement, each and every Shop individual unit Franchise Agreement, Franchisor's Operations Manual, and Franchisor's System standards and specifications, are essential to the operation of all Playa Bowls Shops and the System as a whole.~~

~~NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party to the other party stated set forth herein, hereby agree, as follows:~~

## **SECTION 1 GRANT**

~~1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights ("Development Rights") to establish and operate \_\_\_\_\_ (\_\_\_\_\_) franchised Shops, and to use the Marks and System solely in connection therewith, at specific locations to be designated in separate Franchise Agreements executed as provided in Article 3.1 hereof, and pursuant to the schedule established in Attachment 2 of this Agreement (hereinafter "Minimum Performance Schedule"). Each Shop developed hereunder shall be located in the area described in Attachment 3 of this Agreement (hereinafter "Development Area"). The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the last Playa Bowls Shop to be developed hereunder.~~

~~1.2 Each Shop for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Article 3.1 hereof.~~

~~1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Shop in the DEFINITIONS~~

~~Supplementing the definitions contained in the Recitals, above, the following terms will have the meaning as defined below:~~



“Abandonment” means the conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue the development and/or operation of the Playa Bowls Shops in the Development Area in accordance with the terms of this Agreement.

“Affiliates” means individually or collectively, any and all entities controlling, controlled by, or under common ownership with Franchisor.

“Corporate Entity” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Cumulative Development Shops” shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

“Development Area” shall have the meaning set forth in the Recitals and as further defined and set forth in Section 2.1 of this Agreement.

“Development Area during the term Fee” shall have the meaning defined and set forth in Section 4.1 of this Agreement.

“Development Information Term Sheet” means the Development Information Term Sheet attached to this Agreement as Schedule A.

“Development Period” shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement, provided you are not in default hereunder.

—“Development Shop” shall have the meaning set forth in the Recitals and as further defined and set forth in Section 2.1-4—This of this Agreement is not a.

“Development Shop Initial Franchise Agreement and does not grant to you any right to use the Marks or System.

— 1.5 —YouFee” shall have no right under the meaning defined and set forth in Section 4.2 of this Agreement.

“Development Obligations” shall have the meaning defined and set forth in Section 2.1 of this Agreement.

“Development Schedule” shall have the meaning defined and set forth in Sections 4.4 of this Agreement.

“Effective Date” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“First Development Shop” shall have the meaning set forth in the Recitals and shall further refer to and mean the Shop to be developed by Franchisee as the first Development Shop to be developed and operated by Franchisee within the Development Area.



**“Franchise Agreement”** shall have the meaning set forth in the Recitals and shall further refer to and mean Franchisor’s individual unit Playa Bowls Shop Franchise Agreement as designated and determined by Franchisor from time to time.

**“Marks”** means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor’s affiliates, in connection with the operation of Shops.

**“Newly Opened Development Shop(s)”** shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

**“Operations Manual”** means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Playa Bowls Shops including, but not limited to, the policies, procedures and requirements for the development and operation of Playa Bowls Shops. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to franchise others Franchisor’s modification from time to time and based on Franchisor’s Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Products and Services that must be offered and provided by the Franchised Business.

**“Owner”** means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee as of the Effective Date; (b) the managing member(s) or manager(s) of Franchisee as of the Effective Date, if franchisee is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee as of the Effective Date and/or of any entity directly or indirectly controlling Franchisee.

**“Playa Bowls Shop(s)”** shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of “Playa Bowls Shops”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

**“Shop”** shall have the meaning set forth in the Recitals and shall refer to all Shops operating under the System and Marks or, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

**“Shop Location(s)”** means the fixed locations from which Playa Bowls Shops are established, operated and managed.

**“System”** means Franchisor’s distinct and proprietary business format for the operation of a shop featuring and serving a menu of acai bowls, pitaya bowls, coconut bowls, mango bowls, oatmeal bowls, smoothies, juices, and, related menu items, products and services including the methods, proprietary products, recipes, procedures, signs, designs, layouts, equipment, standards, specifications, Marks, and Franchisor’s Operations Manual (including the contents thereof), marketing and advertising methods,





vendor lists, trade secrets and confidential information as the same may be modified, amended or replaced from time to time hereafter by Franchisor.

**“Term”** means the period of time set forth and defined in Section 3.1 of this Agreement.

**“Total Development Shops”** means the aggregate number of Development Shops as defined in Section 2.1 of this Agreement.

**“Transfer”** means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

## SECTION 2

### **DEVELOPMENT FEE; INITIAL FRANCHISE FEES/RIGHTS**

2.1 In consideration of the development rights granted herein, you shall pay to us a Development Fee of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), payable upon execution of this Agreement (“Development Fee”). The Development Fee is calculated as 100% of the initial franchise fee for the first Shop to be developed hereunder, plus a deposit equal to 50% of the initial franchise fee for each additional Shop to be developed hereunder.

2.2 The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

2.3 The initial franchise fee payable for each Shop to be developed hereunder shall be \$35,000.

2.4 The initial franchise fee for the first Shop has been paid in full in the Development Fee. You shall execute the Franchise Agreement for the first Shop contemporaneously with your execution of this Agreement and a portion of the Development Fee will be used to satisfy the initial franchise fee for such first Shop in full. For each additional Shop developed hereunder, we will apply a *pro rata* portion of the Development Fee toward the initial franchise fee due for such Shop. The balance of the initial franchise fee is payable to us in a lump sum upon execution of the Franchise Agreement for that Shop.

#### **2.1 DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS**

Franchisor grants to Franchisee the right, and Franchisee accepts the right and obligation to develop a fixed number of Playa Bowls Shops to be developed and opened by Franchisee within the Development Area (each, respectively, a “Development Shop”) in strict accordance with the Development Schedule and development obligations set forth in this Agreement (collectively, the “Development Obligations”) and, in



accordance with the terms and provisions of each respective Development Shop Franchise Agreement. Franchisee further agrees that:

(a) Aggregate Number of Development Shops and Total Development Shops – The aggregate number of Development Shops (including the First Development Shop) (collectively, referred to as the “Total Development Shops”) that are required for development, subject to the terms of this Agreement and each respective Franchise Agreement, is set forth and defined in the Development Information Term Sheet attached as Schedule A.

(b) Development Area – The Development Area is and shall constitute the geographic area set forth and identified in the Development Information Term Sheet attached as Schedule A.

(c) Effectiveness – To be effective the Development Information Term Sheet must be completed and signed by Franchisor.

(d) Performance of Development Obligations – Franchisee must: (a) open and commence the operations of each new Development Shop in accordance with the Development Schedule for each respective Development Period; and (b) maintain in operation the minimum cumulative number of Development Shops in accordance with the Development Schedule for each respective Development Period. Franchisee agrees that “time is of the essence” with respect to Franchisee’s development obligations under this Agreement, and that Franchisee’s failure to comply with the Development Schedule shall, at the election of Franchisor, result in the immediate termination of this Agreement and of all rights granted to Franchisee under this Agreement.

(e) Incorporation of Development Information Term Sheet – The Development Information Term Sheet attached as Schedule A is hereby incorporated into this Agreement.

During the Term of this Agreement, provided that Franchisee is in compliance with the terms of this Agreement including, but not limited to, the Development Obligations, and each respective Franchise Agreement, Franchisor will not develop and open or license any third party the right to develop and open any new Playa Bowls Shops with a Shop Location within the Development Area. Franchisee agrees that the designated territory for each Development Shop shall be determined by the Franchise Agreement for each respective Development Shops and that, in aggregate, the operating territories for Franchisee’s Development Shops may be smaller than the Development Area.

## **2.2 LIMITED EXCLUSIVITY AND RESERVED RIGHTS**

Except as provided in Section 2.1 of this Agreement, the rights granted in this Agreement are non-exclusive. Franchisor, on Franchisor’s own behalf and on behalf of Franchisor’s affiliates, successors and assigns, reserves all other rights not expressly granted to Franchisee in this Agreement.

## **2.3 PERSONAL RIGHTS**

Franchisee does not and shall not have or possess the right to franchise, subfranchise, license, sublicense and/or otherwise Transfer Franchisee’s rights under this Agreement. The rights and privileges granted and conveyed to the Franchisee in this Agreement may not be Transferred, and, among other things, relate only to Development Area and subject to the terms and conditions of each respective Franchise Agreement for each Development Shop.

## **SECTION 3**

### **SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**



3.1 You shall assume all responsibility and expense for locating potential sites for Shops and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have 30 days after receipt of such information and materials from you to accept or decline the site in our sole discretion. If the site is accepted, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and in accordance with the Minimum Performance Schedule. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Article 9.1 hereof. Under no circumstances may you open a Shop for business unless and until there is a fully executed Franchise Agreement in place for such Shop and we have been paid all amounts payable to us.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Shop at a site approved by us in the Development Area as hereinafter provided within 10 days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then current Franchise Agreement, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said 10 days from delivery thereof to you, our approval of the site shall be void and you shall have no rights with respect to said site.

3.4 You acknowledge that the approval of a particular site for a Shop by us shall not be deemed to be an assurance or guaranty that the Shop will operate successfully or at a profit from such site.

3.5 You may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership for the sole purpose of entering into a Franchise Agreement and operating the Playa Bowls Shop pursuant thereto, provided that you shall also personally sign such Franchise Agreement as a principal.

#### TERM AND TERMINATION

##### 3.1 TERM

This Agreement will be for a term (the "Term") that commences as of the Effective Date and, unless earlier terminated by Franchisor, will automatically end on the earlier of (a) the last day of the calendar month that the final Development Shop is required to be opened in accordance with the terms of the Development Schedule, (b) the day that the designated territory for the last Development Shop is designated by Franchisor, or (c) the date of termination of this Agreement pursuant to the terms of this Agreement. Upon expiration or termination of this Agreement for any reason, Franchisee will not have any rights within the



Development Area. The Term may not be renewed or extended.

### **3.2 TERMINATION BY FRANCHISOR**

Franchisor possesses the right, at Franchisor's option, to terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee with any opportunity to cure such default, effective upon written notice to Franchisee, or automatically upon the occurrence of any of the following events: (a) if Franchisee Abandons Franchisee's obligations under this Agreement; (b) if Franchisee for four consecutive months, or any shorter period that indicates an intent by Franchisee to discontinue Franchisee's development of Shops within the Development Area, fails to engage in commercially reasonable efforts and actions necessary for Franchisee's timely satisfaction of the Development Obligations; (c) As to any one Development Shop, Franchisee's failure to timely enter into a Franchise Agreement as set forth in Section 4.3 of this Agreement; (d) if Franchisee becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Franchisee, under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors or a receiver is appointed by the Franchisee; (e) if Franchisee fails to meet its development obligations under the Development Schedule for any single Development Period including, but not limited to, Franchisee's failure to establish, open and/or maintain the cumulative number of Playa Bowls Shops in accordance with Development Schedule; and/or (f) in the event that any one Franchise Agreement is terminated respecting any Development Shop and/or any other Franchise Agreement between Franchisor and Franchisee.

## **SECTION 4**

### **DEVELOPMENT RIGHTS AREA FEE, INITIAL FEES AND OBLIGATIONS DEVELOPMENT SCHEDULE**

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Article 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may or may not, in our sole discretion, include the right to develop Shops at any "Non-Traditional Sites". Non-Traditional Sites include without limitation gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; hotels; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you, whether currently existing or constructed or established subsequent to the date hereof.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Article 3.2 and the Minimum Performance Schedule, and you are in full compliance with all of your obligations under all Franchise Agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Shops within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.



~~4.3 — Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Shops within the Development Area subject only to the territorial rights granted to you with respect to Shops operated by you pursuant to the Franchise Agreements and subject, further, to the right of first refusal described in Article 6 below.~~

~~4.4 — We and our affiliates retain all rights with respect to Shops, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:~~

~~4.4.1 — to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Shops and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Development Area, and under any terms and conditions we deem appropriate. “Alternative distribution channels” include, but are not limited to, the internet, catalog sales, grocery stores, club stores, specialty food stores, telemarketing or other direct marketing sales;~~

~~4.4.2 — to operate and to grant others the right to operate Shops located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to a Shop;~~

~~4.4.3 — to operate and to grant others the right to operate Shops at Non-Traditional Sites within and outside the Development Area under any terms and conditions we deem appropriate, subject to the right of first refusal described in Article 6.2; and~~

~~4.4.4 — to acquire and operate a business operating one or more shops or food service businesses located or operating in the Development Area, except that these businesses will not operate using the Proprietary Marks.~~

#### **4.1 DEVELOPMENT AREA FEE**

In exchange for the rights set forth and granted pursuant to the terms of this Agreement, upon execution of this Agreement, Franchisee shall pay to Franchisor a development area fee (the “Development Area Fee”). The Development Area Fee is not refundable under any circumstance. The amount of the Development Area Fee is set forth in the Development Information Term Sheet.

Franchisee agrees that the Development Area Fee is not a franchise fee and, that at the time of signing each respective Franchise Agreement, Franchisee shall pay to Franchisor an initial franchise fee and all other fees in accordance with the terms and conditions of each respective Franchise Agreement, except that the initial franchise fee shall conform to the amounts set forth in Section 4.2 of this Agreement. If the then current standard Franchise Agreement to be signed by the Franchisee respecting a Development Shop to be established and operated by Franchisee specifies an initial franchise fee that is greater than or different from the initial franchise fee specified in Section 4.2, below, then the amount of the initial franchise fee as specified in Section 4.2 shall govern. However, all other terms and provisions of each respective Franchise Agreement, as to each Respective Development Shop, shall take precedence and govern.

#### **4.2 DEVELOPMENT SHOP INITIAL FRANCHISE FEES**

The initial franchise fee for each respective Development Shop (the “Development Shop Initial Franchise Fee”), to be developed and operated pursuant to the terms and conditions of each respective Franchise Agreement, shall be comprised of the applicable fixed sums set forth in the Development Information Term Sheet.



#### **4.3 PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS**

The applicable initial franchise fee as set forth in Section 4.2 of this Agreement for the first Development Shop shall be payable as set forth in accordance with the terms of the Franchise Agreement for Franchisee's first Development Shop. The applicable initial franchise fees, if any, as may be set forth in Section 4.2 of this Agreement for all other Development Shops authorized by this Agreement, shall be paid in such amounts as set forth in Section 4.2 of this Agreement at the time of signing the Franchise Agreement for each respective Development Shop.

Either prior to or simultaneous to the execution of this Agreement, Franchisee has signed the Franchise Agreement for Franchisee's first Development Shop. Franchisee's second Development Shop and all Development Shops thereafter, respectively, are to be developed and operated by Franchisee pursuant to the terms and conditions of Franchisor's then current Franchise Agreement which Franchisee must sign, on or before the earlier of: (a) The date Franchisee (subject to Franchisor's approval of the Shop Location) executes a lease for the Shop Location for each respective Development Shop; (b) The date Franchisee (subject to Franchisor's approval of the Shop Location) enters into a purchase agreement for the real estate for the Shop Location for each respective Development Shop; or (c) 12 months prior to the date that each respective Development Shop must be open and in operation pursuant to the Development Schedule.

#### **4.4 DEVELOPMENT SCHEDULE**

Franchisee agrees to timely develop, establish, commence the operations of, and operate each respective Development Shop in strict accordance with the requirements of the development schedule (the "Development Schedule") set forth in the Development Information Term Sheet attached to and incorporated into this Agreement as Schedule A. The Development Schedule, among other things, sets forth and defines each respective measurement period / measurement periods (each, respectively, a "Development Period") and the number of Development Shops that Franchisee must establish and open (a "Newly Opened Development Shop(s)") within the respective Development Period and, the minimum number of cumulative Development Shops (the "Cumulative Development Shops") that must be open and in operation as of the last day of each applicable Development Period.

Franchisee agrees that, as to the Development Shops, Franchisee shall meet the requirements of the Development Schedule including, without limitation, requirements as to the number of Development Shops that must be timely developed, established, open, and in operation by Franchisee within the Development Area and as to each respective Development Period.

#### **4.5 REASONABLENESS OF DEVELOPMENT SCHEDULE**

Franchisee agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Playa Bowls Shops within the Development Area, that Franchisee approves of the Development Schedule as being reasonable and viable, and that Franchisee recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement with time being of the essence.

### **SECTION 5 RENEWAL**

~~— This Agreement shall not be subject to renewal; however, if you wish to purchase a new Development Area and continue to develop Shops, we will, in good faith, negotiate a new Multi-Unit Development Agreement with you.~~



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## **OTHER OBLIGATIONS OF FRANCHISEE**

### **5.1 EXECUTION OF FRANCHISE AGREEMENTS**

For each Playa Bowls Shop owned, developed and opened for business by the Franchisee in the Development Area, Franchisee must execute Franchisor's then current standard Franchise Agreement. A then current standard Franchise Agreement must be executed by the Franchisee for each and every Development Shop on or before the earlier of: (a) the date Franchisee (subject to Franchisor's approval of the Shop Location) executes a lease for the Shop Location for each respective Development Shop; (b) the date Franchisee (subject to Franchisor's approval of the Shop Location) enters into a purchase agreement for the real estate for the Shop Location for each respective Development Shop; or (c) 12 months prior to the date that each respective Development Shop must be open and in operation pursuant to the Development Schedule.

### **5.2 ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT**

Franchisee agrees that pursuant to the terms of each respective Franchise Agreement respecting and/or concerning the Development Area and/or this Agreement, that nothing contained in this Agreement shall obviate and/or reduce Franchisee's obligations as set forth in each respective Franchise Agreement including, without limitation, Franchisee's obligations, respectively, to pay royalty and all other fees in accordance with each respective Franchise Agreement. Nothing contained in this Agreement shall modify, reduce or mitigate Franchisee's obligations to Franchisor. The only fee and right contained in the Franchise Agreement that is modified by this Agreement is the fixed one-time initial franchise fee paid by Franchisee to Franchisor at the time of signing the Franchise Agreement, as such initial franchise fee is set forth and defined in Section 4.2 of this Agreement as to the Development Shops.

### **5.3 MODIFICATIONS TO FRANCHISE AGREEMENT**

Franchisee agrees that what constitutes Franchisor's then current Franchise Agreement shall be determined by Franchisor, in Franchisor's exclusive discretion and that, among other things, the Franchise Agreement may be modified from time to time by Franchisor and that reasonable modification and amendments to the Franchise Agreement will not alter Franchisee's obligations under this Agreement.

### **5.4 COMPLIANCE WITH FRANCHISE AGREEMENTS**

Franchisee will operate the Development Shops and all other Playa Bowls Shops in strict compliance with the terms and conditions of each respective Franchise Agreement.

### **5.5 SITE SELECTION**

Franchisee will be solely responsible for selecting the site(s) for the Franchisee's Shop Locations. In accordance with the terms and conditions of each respective Franchise Agreement, Franchisee must obtain Franchisor's prior written approval as to each potential Shop Location selected by Franchisee. Franchisee will retain an experienced commercial real estate broker or salesperson who has sufficient experience in locating Shop sites to locate, acquire, purchase or lease the site for the Franchisee's Development Shops. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Development Shops, to assist Franchisee in the selection of a suitable site for the Development Shops, or to provide any assistance to the Franchisee in the purchase or lease of the site for the Development Shops.

### **5.6 SITE SELECTION CRITERIA**

Franchisee will not lease, purchase or otherwise acquire a Shop Locations for the Development Shops until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee and has been approved by Franchisor. Information requested by Franchisor may include, without



limitation, information regarding the proposed Shop Location as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. Franchisee shall not enter into any lease or purchase agreement with respect to any proposed Shop Location until Franchisor has approved the site.

## **SECTION 6**

### **TERM AND RIGHT OF FIRST REFUSAL**

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Shop is opened pursuant to the Minimum Performance Schedule established in Attachment 2.

6.2 If, during the term of this Agreement, a Non-Traditional Site becomes available in your Development Area, then we may, in our sole discretion, offer to you the opportunity to develop a Shop at such Non-Traditional Site. You shall have 30 days after receipt of our notice in which to accept or decline this right of first refusal. Your failure to notify us within such 30 day period shall be interpreted that you have declined the right of first refusal. Nothing in this Agreement shall require us to provide you with a right of first refusal for a Non-Traditional Site.

6.3 Upon completion of the Minimum Performance Schedule, if we determine that it is desirable to operate one or more additional Shops in the Development Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Shops upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then current initial fees upon execution of the then current Franchise Agreements. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Shops. You must notify us in writing within 60 days of the receipt of such notice whether you wish to acquire the Development Rights to one or all of such additional Shops. If you do not exercise this right of first refusal, in whole, we may, following the expiration of the 60 day period, grant the Development Rights to such additional Shops to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Shops.

## **SECTION 7**

### **YOUR OBLIGATIONS**

You acknowledge and agree that:

7.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Shops and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Shops within the Development Area. You shall obtain the license to use such additional rights at each Shop upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.





~~7.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Article 11 hereof.~~

~~7.3 Except as provided in Articles 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:~~

~~7.3.1 To continue to construct and operate other Shops and to use the System and the Marks at any location outside the Development Area, and to license others to do so.~~

~~7.3.2 To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.~~

~~7.3.3 To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through alternative distribution channels outside or inside of the Development Area and to use the Marks in connection therewith.~~

~~7.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.~~

~~7.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Playa Bowls Shop.~~

~~7.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.~~

~~7.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.~~

~~7.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.~~

~~7.9 In no event shall any Shop be opened for business unless and until a Franchise Agreement for such Shop has been fully executed and the initial franchise fee for such Shop has been fully paid.~~

## SECTION 8

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## OUR SERVICES

—— We shall, at our expense, provide the following services:

—— 8.1 — Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

—— 8.2 — Assist you in determining the layout and configuration of each Shop once the location has been approved. After you and we have determined the layout and configuration of each Shop, you must arrange for site plan and build-out plans and specifications to be prepared and submitted to us for our review and approval.

—— 8.3 — Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

—— 8.4 — Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit developers.

## SECTION 9 DEFAULT AND TERMINATION

—— 9.1 — The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law; whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

—— 9.1.1 — If you shall, in any respect, fail to meet the Minimum Performance Schedule.

—— 9.1.2 — If you shall purport to effect any assignment other than in accordance with Article 11 hereof.

—— 9.1.3 — Except as provided in Article 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least 25% of the Shops to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

—— 9.1.4 — If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any Franchise Agreement.

—— 9.1.5 — If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.



~~9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Shop and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.~~

~~9.1.7 If any of you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one year.~~

~~9.1.8 If any of you shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.~~

~~9.1.9 If you or any of your affiliates cease to operate all of the Shops developed pursuant to the terms of this Agreement.~~

~~9.2 Upon occurrence of any of the events stated in this Article 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective 30 days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:~~

~~9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.~~

~~9.2.2 If you shall have any interest, direct or indirect, in the ownership or operation of any food service business engaged in the sale of products the same as or substantially similar to those permitted to be sold by a Playa Bowls Shop or in any food service business which looks like, copies or imitates the Shop or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement with us.~~

~~9.2.3 If you shall fail to remit to us any payments pursuant to Article 2 when same are due.~~

~~9.2.4 If you shall begin work upon any Shop at any site unless all the conditions stated in Article 3 hereof have been met.~~



9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Shop for business before a Franchise Agreement for such Shop has been fully executed and the initial franchise fee due to us has been paid.

#### **SECTION 10 OBLIGATIONS FOLLOWING TERMINATION**

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Shops.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

#### **SECTION 11 TRANSFER OF INTEREST**

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Article shall constitute a material breach of this Agreement.

11.2 You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least 25% of the Shop(s) to be constructed hereunder are opened or under construction shall be deemed to be an event of default.

11.3 If you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within 30 days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Article 11.3, to purchase such business, Development Rights and interests, including your right to develop sites within the Development Area, on the



same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline or do not accept the offer in writing within 30 days, you may, within 30 days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Article 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Article 11.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article with respect to the proposed transfer.

11.4 — You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit developers and franchisees. Any assignment or transfer permitted by this Article 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.5 — Except as provided in this Article 11, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.5.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.5.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.5.3 You are not in default hereunder.

11.5.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.5.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Development Agreement, Franchise Agreements for all Shops open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit developers on the date of transfer.

11.5.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated



corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

11.5.7 You or transferee pay to us a transfer fee equal to \$10,000 to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.6 As it relates to death or disability:

11.6.1 Upon your death or upon the death of any person who has an interest of more than 50% in this Agreement or the Development Rights (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within 12 months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within 12 months after the death of the Deceased.

11.6.2 Upon your permanent disability or upon the permanent disability of any person who has an interest of more than 50% in this Agreement or the Development Rights, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 11 within six months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Article 11. The costs of any examination required by this Article shall be paid by us.

11.6.3 Upon the death or claim of permanent disability of you or of any person who has an interest of more than 50% in this Agreement or the Development Rights, you or a representative of yours must notify us of such death or claim of permanent disability within 10 days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Article, then such failure shall constitute a material event of default under this Agreement.

11.7 Our consent to a transfer of any interest by you or of any of the Development Rights pursuant to this Article shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.8 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any



assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

——— You expressly affirm and agree that we may sell our assets; our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Playa Bowls Franchisor LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in the shop business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

## **SECTION 12 COVENANTS**

——— 12.1 — You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

——— 12.1.1 — Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

——— 12.1.2 — Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any restaurant or food service business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Shop, including a restaurant which offers and sells the same or substantially similar food products (a “Competitive Business”).

——— 12.2 — You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two years thereafter (and, in case of any violation of this covenant, for two years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within 25 miles of any Playa Bowls Shop in the System.



——— 12.3 — Subsections 12.1.2 and 12.2 of this Article shall not apply to ownership by you of less than a 5% beneficial interest in the outstanding equity securities of any company which is registered under the Securities Exchange Act of 1934.

——— 12.4 — The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 12.

——— 12.5 — You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Articles 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article 16 hereof.

——— 12.6 — You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article 12.

——— 12.7 — You acknowledge that any failure to comply with the requirements of this Article 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Article 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

——— 12.8 — During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Shop in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Article 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Article, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within 10 days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

## SECTION 13

### 6.1 BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to transfer and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee.





## **6.2 BY FRANCHISEE**

Franchisee shall not Transfer and/or assign this Agreement without the express written consent of Franchisor which Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. If Franchisee is a Corporate Entity the Owners of Franchisee shall not Transfer their ownership and/or equity interests in Franchisee without the express written consent of Franchisor which Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. Any Transfer and/or assignment in violation of the foregoing shall constitute a material default of this Agreement and shall result in the immediate and automatic termination of this Agreement.

## **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile or email by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission) to the respective parties at the addresses in the introductory paragraph hereof, unless and until a different address has been designated by written notice to the other party.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile and/or email, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three business days after the date and time of mailing.

## **SECTION 14 INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for you does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your business, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to



comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

——— 14.2 — During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on any Shop premises established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manual. We reserve the right to specify in writing the content and form of such notice.

——— You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Playa Bowls Shop and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf, participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

——— 14.3 — You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

## **SECTION 15 APPROVALS**

——— 15.1 — Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

——— 15.2 — We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.



## **SECTION 16 NON-WAIVER**

——— No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

## **SECTION 17 SEVERABILITY AND CONSTRUCTION**

——— 17.1 — Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

——— 17.2 — If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

——— 17.3 — Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Article 11 hereof, any rights or remedies under or by reason of this Agreement.

——— 17.4 — All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

——— 17.5 — All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

——— 17.6 — This Agreement may be executed in multiple copies, each of which shall be deemed an original.

## **SECTION 18 ENTIRE AGREEMENT**

——— This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject



matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## **SECTION 19**

### **DISPUTE RESOLUTION; APPLICABLE LAW**

19.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration within the county and state where we maintain our headquarters under the authority of such state's statutes (the "Statutes"). The arbitrator(s) will have a minimum of five years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Article will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you hereby irrevocably submit yourself to the jurisdiction of the state courts and the Federal District Court closest to our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that service of process may be made upon any of you in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New Jersey or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be the county and state where we maintain our headquarters; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the law of the state where we maintain our headquarters.

19.3 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Articles 19.1 and 19.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.



——— 19.4 — You and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Monmouth County, New Jersey, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in Monmouth County, New Jersey.

——— 19.5 — You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

——— 19.6 — We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

——— 19.7 — If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

## **SECTION 20 TIMELY PERFORMANCE**

——— You hereby acknowledge that your timely development of the Shops in the Development Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Shops within the Development Area in accordance with the Minimum Performance Schedule, to operate such Shops pursuant to the terms of the Franchise Agreements and to maintain all such Shops in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval



shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage. Force Majeure shall not include your lack of financing.

## **SECTION 21 ACKNOWLEDGMENTS**

—— 21.1 — YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

—— 21.2 — YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HERewith; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

—— 21.3 — YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST 14 CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATE.

—— 21.4 — YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE NOT RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF PLAYA BOWLS RESTAURANTS OR DEVELOPMENT OF THE DEVELOPMENT AREA, EXCEPT AS MAY BE INCLUDED IN ITEM 19 OF THE DISCLOSURE DOCUMENT HERETOFORE PROVIDED TO YOU.

## **SECTION 22 EFFECTIVE DATE**

—— This Agreement shall be effective as of the date it is executed by us.



\_\_\_\_\_ The parties hereto have duly executed, sealed and delivered this Agreement in triplicate  
on the day and year first above written.

MULTI-UNIT DEVELOPER: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
PLAYA BOWLS FRANCHISOR LLC

\_\_\_\_\_  
Name: \_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_  
Name: \_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_





## Attachment 1 to Multi-Unit Development Agreement

### CERTIFICATION BY MULTI-UNIT DEVELOPER

\_\_\_\_ The undersigned, personally and as Multi-Unit Developer does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Multi-Unit Development Agreement and the Playa Bowls Franchisor LLC Franchise Agreement, and that the decision to execute the Multi-Unit Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated "Playa Bowls" Shops, except as may be included in Item 19 of the Franchise Disclosure Document heretofore provided to Multi-Unit Developer. The undersigned further certifies that he/she understands the risks involved in this investment and Playa Bowls Franchisor LLC makes no representation or guaranty, explicit or implied, that the Multi-Unit Developer will be successful or will recoup his investment.

The undersigned has signed, sealed and delivered this Certificate this day of \_\_\_\_\_.

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

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

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







**Attachment 2 to Multi-Unit Development Agreement**

**MINIMUM PERFORMANCE SCHEDULE**

\_\_\_\_\_ The Agreement authorizes and obliges Multi-Unit Developer to establish and operate  
\_\_\_\_\_ (\_\_\_\_) "Playa Bowls" Shops pursuant to a Franchise Agreement for each Shop.  
The following is Multi-Unit Developer's Minimum Performance Schedule:

Minimum Cumulative Number  
of Franchise Agreements for  
Shops to be located  
and Operating  
Within the Development Area \_\_\_\_\_ By this Date

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

\_\_\_\_\_ Total: \_\_\_\_\_

\_\_\_\_\_ The Minimum Performance Schedule shall be deemed completed, and this Agreement shall  
expire, upon the opening of the final Shop to be developed pursuant to this Agreement.

APPROVED:

MULTI-UNIT DEVELOPER: \_\_\_\_\_ FRANCHISOR:  
PLAYA BOWLS FRANCHISOR LLC

Name: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





**Attachment 3 to Multi-Unit Development Agreement**

**DEVELOPMENT AREA**

\_\_\_\_\_The following describes the Development Area within which Multi-Unit Developer may locate “Playa Bowls” Shops under this Agreement:

APPROVED:

MULTI UNIT DEVELOPER: \_\_\_\_\_ FRANCHISOR:  
PLAYA BOWLS FRANCHISOR LLC

\_\_\_\_\_  
Name: \_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_  
Name: \_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_





**Exhibit D to the  
Playa Bowls Franchise Disclosure Document**

**LIST OF FRANCHISEES AND  
FRANCHISEES THAT HAVE LEFT THE SYSTEM**







**Exhibit E to the  
Playa Bowls Franchise Disclosure Document**

**TABLE OF CONTENTS TO OPERATIONS MANUAL**



## TABLE OF CONTENTS TO OPERATIONS MANUAL

# Playa Bowls



## Operations Manual

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**Exhibit F to the  
Playa Bowls Franchise Disclosure Document**

STATE SPECIFIC ADDENDA



## STATE SPECIFIC ADDENDA

### CALIFORNIA APPENDIX

1. ~~California Business and Professions Code Articles 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control.~~
2. ~~The Franchise Agreement and Multi-Unit Development 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.).~~
3. ~~The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.~~
4. ~~Article 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.~~
5. ~~Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.~~
6. ~~The Franchise Agreement and Multi-Unit Development Agreement require binding arbitration. The arbitration will occur in New Jersey 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 Article 20040.5, Code of Civil Procedure Article 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.~~
7. ~~The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of New Jersey. This provision may not be enforceable under California law.~~
8. ~~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).~~
9. \_\_\_\_\_

### SECTION 7



## **ENFORCEMENT AND CONSTRUCTION**

### **7.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**

(1) Except as expressly provided to the contrary in this Agreement, each term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “blue-lined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

### **7.2 WAIVER OF OBLIGATIONS**

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor’s rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor’s other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee’s default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor’s insistence upon Franchisee’s strict compliance with Franchisee’s obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.



### **7.3 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF**

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System.

### **7.4 RIGHTS OF PARTIES ARE CUMULATIVE**

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

### **7.5 GOVERNING LAW**

THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW JERSEY, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF NEW JERSEY SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

### **7.6 CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION**

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Monmouth County, New Jersey or, if a mediator is not available in Monmouth County, New Jersey then at a suitable location selected by the mediator that is located closest to Monmouth County, New Jersey. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Section 7.6(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Section 7.6(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary



Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Section 7.6. All arbitration proceedings shall be conducted in Monmouth County, New Jersey or, if suitable AAA facilities are not available in Monmouth County, New Jersey then at a suitable AAA location selected by the arbitrator that is located closest to Monmouth County, New Jersey.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Sections 7.8, 7.9, 7.13, 7.14, 7.17, and 7.23. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Section 7.8 of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Section 7.

(3) Consent to Jurisdiction and Venue – Subject to the non-binding mediation and arbitration provisions set forth in this Section 7.6, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New Jersey and within Monmouth County or the county closest to Monmouth County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

## **7.7 VARIANCES**

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE



UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

#### **7.8 LIMITATIONS OF CLAIMS**

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

#### **7.9 WAIVER OF PUNITIVE DAMAGES**

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM: (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

#### **7.10 WAIVER OF JURY TRIAL**

FRANCHISOR AND FRANCHISEE 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 A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

#### **7.11 BINDING EFFECT**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

#### **7.12 COMPLETE AGREEMENT**

This Agreement and the Schedule A Development Information Term Sheet, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee.

#### **7.13 ATTORNEY FEES AND EXPENSES**

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or a court of



competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

#### **7.14 WAIVER OF CLASS-ACTION:**

##### **INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS**

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE PLAYA BOWLS SHOP FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

#### **7.15 ACCEPTANCE BY FRANCHISOR**

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

#### **7.16 OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS**

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

#### **7.17 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS**

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers.

#### **7.18 NON-UNIFORM AGREEMENTS**

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with [FRANCHISOR CORPORATE NAME] franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

#### **7.19 NO RIGHT TO OFFSET**

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

#### **7.20 HEADINGS**

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they





shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

#### **7.21 AUTHORITY TO EXECUTE AND BIND**

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

#### **7.22 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES**

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

#### **7.23 JOINT AND SEVERAL LIABILITY**

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

#### **7.24 RECITALS AND REPRESENTATIONS**

The parties acknowledge and agree that the recitals and representations contained on the first page of this Agreement are true and accurate, shall constitute a material part of this Agreement, and are hereby fully incorporated into the terms and conditions of this Agreement.

### **SECTION 8** **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

**IN WITNESS WHEREOF**, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

**Franchisor:**

Playa Bowls Franchisor LLC

**Franchisee:**



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

\_\_\_\_\_  
Name and Title (please print) Name (please print)

\_\_\_\_\_  
Dated Dated



**Multi-Unit Development Agreement – Schedule A**  
**DEVELOPMENT INFORMATION TERM SHEET**

This Development Information Term Sheet is attached to, is incorporated into, and forms a part of the Playa Bowls Multi-Unit Development Agreement between Playa Bowls Franchisor LLC, a New Jersey limited liability company with a principal place of business located at 803 Ocean Avenue, Belmar, New Jersey 07719 (the “Franchisor”) and \_\_\_\_\_ (the “Franchisee”).

Defined terms shall have the meanings set forth in the Playa Bowls Multi-Unit Development Agreement between Franchisor and Franchisee and are further defined and set forth in this Development Information Term Sheet.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following is a list of each Owner of Franchisee:		
Owner Name	Owner Address	Ownership Interest Percentage

Development Area Fee	Total Development Shops
\$ _____	[-----]

Development Area
[To be Effective this Schedule Must be Completed and Signed by Franchisor]



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**Development Shop Initial Franchise Fee for the First Development Shop**

**FIRST DEVELOPMENT SHOP:** The Development Shop Initial Franchise Fee for the First Development Shop is: \$35,000, payable and due upon execution of the applicable Franchise Agreement for the First Development Shop. This initial franchise fee is separate from and in addition to the Development Area Fee.

**Development Shop Initial Franchise Fee for Other Development Shops**

**OTHER AUTHORIZED DEVELOPMENT SHOPS:** Provided that Franchisee is not in default of the terms of this Playa Bowls Multi-Unit Development Agreement (including but not limited to the Development Schedule set forth below) and that neither Franchisee nor Franchisee's affiliates are in default of any Franchise Agreement or other agreement with Franchisor, the Development Shop Initial Franchise Fee for each additional Development Shop (over and above the First Development Shop), is: \$17,500 payable at the time of signing the Franchise Agreement for each Development Shop.

**Development Schedule**

Development Period	Newly Opened Development Shops	Cumulative Development Shops
Development Period 1: [-----] TO [-----]	[-----]	[-----]
Development Period 2: [-----] TO [-----]	[-----]	[-----]
Development Period 3: [-----] TO [-----]	[-----]	[-----]
Development Period 4: [-----] TO [-----]	[-----]	[-----]
Development Period 5: [-----] TO [-----]	[-----]	[-----]

This Development Information Term Sheet shall be effective as of the Effective Date of the Playa Bowls Multi-Unit Development Agreement.

**Franchisor:** \_\_\_\_\_ **Franchisee:** \_\_\_\_\_

Playa Bowls Franchisor LLC

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)



Dated

Dated





FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT G**  
LIST OF FRANCHISEES

<b>FRANCHISEES</b> <b>(as of December 31, 2023)</b>			
<b>State</b>	<b>Business Location</b>	<b>Franchisee</b>	<b>Phone Number</b>
<b>AZ</b>	<a href="#">24750 S Ellsworth Road, Suite A101</a> <a href="#">Queen Creek, AZ 85142</a>	<a href="#">PLAYA QC, LLC</a> <a href="#">Zachary Markham &amp; Erica Markham</a>	<a href="#">(480) 773-1855</a>
	<a href="#">8870 N 9<sup>th</sup> Street, Suite 103</a> <a href="#">Scottsdale, AZ 85258</a>	<a href="#">IT'S A "SHORE" THING 2 LLC</a> <a href="#">Larry DeRogatis, Anthony DeRogatis &amp; Susan DeRogatis</a>	<a href="#">(480) 476-7550</a>
<b>CO</b>	<a href="#">14505 East Alameda Avenue</a> <a href="#">Aurora, CO 80012</a>	<a href="#">EAST GONE WEST 4 LLC</a> <a href="#">Cody Benisch &amp; Robert Wissing</a>	<a href="#">(973) 715-0176</a>
	<a href="#">4852 S Newport Street, Unit D</a> <a href="#">Denver, CO 80237</a>	<a href="#">EAST GONE WEST 5 LLC</a> <a href="#">Cody Benisch &amp; Robert Wissing</a>	<a href="#">(973) 715-0176</a>
	<a href="#">99 S. Broadway, Suite 115</a> <a href="#">Denver, CO 80209</a>	<a href="#">EAST GONE WEST 2 LLC</a> <a href="#">Cody Benisch &amp; Robert Wissing</a>	<a href="#">(720) 541-7193</a>
	<a href="#">5845 W 25<sup>th</sup> Avenue</a> <a href="#">Edgewater, CO 80214</a>	<a href="#">EAST GONE WEST 3 LLC</a> <a href="#">Cody Benisch &amp; Robert Wissing</a>	<a href="#">(303) 632-6108</a>
	<a href="#">2490 W Main Street</a> <a href="#">Littleton, CO</a>	<a href="#">EAST GONE WEST LLC</a> <a href="#">Cody Benisch &amp; Robert Wissing</a>	<a href="#">(303) 353-2776</a>
<b>CT</b>	<a href="#">380 W Main Street</a> <a href="#">Avon, CT 06001</a>	<a href="#">PB Avon LLC</a>	<a href="#">(860) 205-6262</a>
	<a href="#">1029 Boston Post Road</a> <a href="#">Darien, CT</a>	<a href="#">PLAYA OF DARIEN INC</a>	<a href="#">(203) 202-7446</a>
	<a href="#">57 Unquowa Road</a> <a href="#">Fairfield, CT 06824-5032</a>	<a href="#">PLAYA OF FAIRFIELD LLC</a>	<a href="#">(203) 292-6999</a>
	<a href="#">140 Glastonbury Road</a> <a href="#">Glastonbury, CT 06033</a>	<a href="#">PB GBURY LLC</a> <a href="#">Mitchell Jackson &amp; Michael Bogdan</a>	<a href="#">(860) 430-2609</a>
	<a href="#">1 Dog Lane</a> <a href="#">Storrs, CT 06269</a>	<a href="#">PB UCONN LLC</a> <a href="#">Michael Bogdan &amp; Mitchell Jackson</a>	<a href="#">(860) 477-0031</a>
	<a href="#">51 Memorial Road</a> <a href="#">West Hartford, CT 06107-220</a>	<a href="#">PB WEHA LLC</a>	<a href="#">(860) 216-4152</a>
<b>DE</b>	<a href="#">832 Kohl Avenue</a> <a href="#">Middletown, DE 19709-4703</a>	<a href="#">GEE BOWLS INC</a>	<a href="#">(302) 696-2463</a>
	<a href="#">220 Rehoboth Avenue</a> <a href="#">Rehoboth Beach, DE 19971-2134</a>	<a href="#">GEE BOWLS INC</a>	<a href="#">(302) 567-2311</a>
	<a href="#">134 East Main Street</a> <a href="#">Newark, DE 19711-7327</a>	<a href="#">GEE BOWLS INC</a>	<a href="#">(302) 286-5196</a>
	<a href="#">3614 Concord Pike</a> <a href="#">Wilmington, DE 19803</a>	<a href="#">Dustin Mushinski</a>	<a href="#">(443) 350-2978</a>
<b>FL</b>	<a href="#">6620 SW 57th Avenue (Coral Gables)</a> <a href="#">South Miami, FL 33143</a>	<a href="#">PB SOFLO LLC</a>	<a href="#">(954) 529-0078</a>
	<a href="#">3111 N University Drive, Suite 112</a> <a href="#">Coral Springs, FL</a>	<a href="#">PBFL LLC</a>	<a href="#">(561) 305-7100</a>
	<a href="#">2471 S University Drive</a> <a href="#">Davie, FL 33324</a>	<a href="#">PB DAVIE LLC</a>	<a href="#">(786) 400-6147</a>
	<a href="#">1134 E Atlantic Avenue</a> <a href="#">Delray Beach, FL 33483</a>	<a href="#">Joseph Coakley**</a>	<a href="#">(561) 359-2946</a>
	<a href="#">10041 University Drive, Suite 160</a> <a href="#">Fort Myers, FL 33913</a>	<a href="#">Michael L. Bergen</a>	<a href="#">(239) 887-4931</a>
	<a href="#">4720 Town Crossing Drive, Suite 125</a> <a href="#">Jacksonville, FL 32246</a>	<a href="#">Richard Hardman and Mark Williams</a>	<a href="#">(732) 966-7716</a>
	<a href="#">71 E Indian Town Road</a> <a href="#">Jupiter, FL</a>	<a href="#">Z BOWLS 1 LLC</a>	<a href="#">(973) 229-4394</a>



	3131 NE 1st Avenue, Space D1 Miami, Florida 33137	PB Miami Midtown LLC Roxanne Vogel	(954) 529-0078
	58 Main Street Rosemary Beach, FL 32413	30ACAI LLC	(850) 399-4042
	4655 Gulf Boulevard, Suite 104, St Pete Beach, Florida 33706	Ethan McGowan and Jacob McGowan	(201) 218-6364
	1427 S Tamiami Trail Sarasota, FL (34243)	Ethan McGowan and Seth McGowan	(201) 218-6364
	1925 NW Federal Highway Stuart, Florida 34957	Z BOWLS 1 LLC	(973) 229-4394
	2653 Bruce B. Downs Blvd, Unit 106 & 107 (10.6.23) Wesley Chapel, Florida 33544	PB Wesley Chapel, LLC Tabatha Castro and Pablo Reid	(856) 366-3206
	9982 Glades Road West Boca Raton, FL 33434	PBFL LLC	(561) 305-7100
GA	6365 Halcyon Way, Suite 930 Alpharetta, GA 30005	PB HALCYON LLC	(678) 580-2458
	12660 Crabapple Road (Milton) Alpharetta, GA 30004	Nicholas Ransom	(732) 266-6403
	661 Auburn Avenue, Suite 160 Atlanta, GA 30312-1999	PB GEORGIA LLC	(404) 963-1746
	5070 Peachtree Boulevard, Unit B105 Chamblee, GA 30341-2870	PB Chamblee LLC Nicholas Ransom & Patrick Hartmann	(678) 694-1734
	5160 Town Center Blvd, Suite 530 Peachtree Corners, GA 30092	RANSOM PB LLC	(678) 336-9800
KY	4600 Shelbyville Road, Suite 645 Jefferson County, NY 40207	SABLER LLC	(502) 560-5279
	12939 Shelbyville Road, Suite 103 Louisville, KY 40223	SABLER LLC	(502) 807-2327
LA	660B Arlington Creek Centre Blvd Baton Rouge, LA 70820-6019	BR BOWLS LLC	(225) 256-5006
	730 Veterans Memorial Blvd Metairie, LA 70005	NOLA BOWLS LLC	(985) 774-1893
	5601 Magazine Street (2.4.23) New Orleans, Louisiana 70115	UPTOWN ACAI LLC	(985) 774-1893
MD	2494 Solomons Island Road Annapolis, MD 21401	Dave Eynon and Jeffrey Giuliani	(303) 946-2053
	2632 Quarry Lake Drive Baltimore, MD 21209	QLPB LLC, Dov Ocken, Jennifer Ocken, PRETTER CAPITAL, LLC, Isaac Pretter, Nancy Pretter	(410) 413-6157
	11436 Samuel Bowen Blvd, Unit 2 Berlin, MD 21811 (Ocean Pines)	Anthony Martina	(302) 593-4872
	7417A Baltimore Avenue College Park, MD 20740-3276	GEE BOWLS INC.	(301) 851-5378
	28601 Marlboro Avenue Easton, MD 21601-2786	MARTINA6 INCORPORATED	(484) 387-0470
	9338 Baltimore National Pike, Suite H Ellicott City, MD 21042	FINNATIC ALLIANCE, LLC Jose and Sophia Finn	(206) 250-2719
	12193 Darnestown Road Gaithersburg, MD 20878	JDACAI DARNESTOWN LLC	(240) 477-8952
	14014 Detrick Ave, Suite 200 Kensington, MD 20895	JDACAI MOSAIC LLC	(410) 874-6646



	<a href="#">18147 Town Center Drive Olney, MD 20832-1482</a>	<a href="#">JDACAI OLNEY LLC</a>	<a href="#">(301) 250-9919</a>
	<a href="#">7733 Tuckerman Lane Potomac, MD 20854-3266</a>	<a href="#">JDACAI LLC</a>	<a href="#">(240) 403-7456</a>
	<a href="#">1012 S. Salisbury Blvd Salisbury, MD 21801-6361</a>	<a href="#">MARTINA6 INCORPORATED</a>	<a href="#">(443) 736-7526</a>
<a href="#">MA</a>	<a href="#">277 Huntington Avenue Boston, MA 02115-4506</a>	<a href="#">PB HUSKY LLC</a>	<a href="#">(617) 859-5814</a>
	<a href="#">2199 Commonwealth Ave (BC) Brighton, MA 02135-3853</a>	<a href="#">PB EAGLE LLC</a>	<a href="#">(617) 254-0954</a>
	<a href="#">1285 Belmont Street (Stonehill) Brockton, MA 02301</a>	<a href="#">PB SHYHAWK LLC</a>	<a href="#">(508) 510-4562</a>
	<a href="#">71 Mt. Auburn Street (Harvard Square) Cambridge, MA 02138-4961</a>	<a href="#">PB CRIMSON LLC</a>	<a href="#">(617) 714-5321</a>
	<a href="#">635 Washington Street Canton, MA 02021</a>	<a href="#">PB MANSFIELD LLC</a> <a href="#">Dana Nentin, David Swanson &amp; Hung Lam</a>	<a href="#">(781) 615-5009</a>
	<a href="#">406 State Road Dartmouth, MA 02747</a>	<a href="#">PB Restaurant, Inc.</a>	<a href="#">(646) 460-9102</a>
	<a href="#">532 Adams Street Milton, MA 02186</a>	<a href="#">PB MILTONLLC</a>	<a href="#">(617) 859-5814</a> <a href="#">(617) 322-3042</a>
	<a href="#">745 High Street Westwood, MA 02090</a>	<a href="#">PB Westwood LLC</a>	<a href="#">(617) 780-0303</a>
	<a href="#">600 Main Street Winchester, MA 18900</a>	<a href="#">PB Winchester LLC</a>	<a href="#">(617) 780-0303</a>
<a href="#">MI</a>	<a href="#">4087 Maple Road Bloomfield Township, MI 48301</a>	<a href="#">AHSAAEE LLC</a> <a href="#">Matthew Caplan</a>	<a href="#">(248) 731-7817</a>
	<a href="#">225 E Grand Drive Avenue (MSU) East Lansing, MI 48823</a>	<a href="#">DKS COMPANIES, LLC</a> <a href="#">Diana Cannizzaro</a>	<a href="#">(732) 245-1856</a>
	<a href="#">39761 Traditions Drive Northville, MI 48167</a>	<a href="#">NORTHVILLE BOWLS LLC</a>	<a href="#">(248) 770-2727</a>
	<a href="#">2607 S. Rochester Road Rochester Hills, MI 48304</a>	<a href="#">AHSAAEE LLC</a> <a href="#">Matthew Caplan</a>	<a href="#">(248) 302-8283</a>
	<a href="#">222 E State Street, Suite 101 Traverse City, MI 49684</a>	<a href="#">COLD AS BOWLS LLC</a>	<a href="#">(610) 772-3719</a>
	<a href="#">275 Big Beaver Troy, MI 48083</a>	<a href="#">AHSAAEE LLC</a> <a href="#">Matthew Caplan</a>	<a href="#">(248) 302-8283</a>
<a href="#">NH</a>	<a href="#">70 Storrs Street Concord, NH 03301</a>	<a href="#">PB – CONCORD, LLC</a> <a href="#">Carrie Ayers &amp; Josher Ayers</a>	<a href="#">(301) 755-3393</a>
	<a href="#">235 Ocean Boulevard Hampton, NH 03842</a>	<a href="#">PB – HAMPTON, LLC</a> <a href="#">Carrie Ayers &amp; Josher Ayers</a>	<a href="#">(301) 755-3393</a>
	<a href="#">555 Hooksett Road Manchester, NH 03104-2656</a>	<a href="#">PB – MANCHESTER, LLC</a>	<a href="#">(603) 232-1960</a>
	<a href="#">262 Amherst Street Nashua, NH 03063</a>	<a href="#">PB – NASHUA, LLC</a> <a href="#">Carrie Ayers &amp; Josher Ayers</a>	<a href="#">(301) 755-3393</a>
<a href="#">NJ</a>	<a href="#">701 Cookman Avenue Asbury Park, NJ 07712-7048</a>	<a href="#">JUICE BEACH 2 LLC</a> <a href="#">Cathy Gallo &amp; Anne Sears</a>	<a href="#">(732) 988-9663</a>
	<a href="#">1200 Ocean Avenue Asbury Park, NJ 07712-5698</a>	<a href="#">JUICE BEACH 2 LLC</a> <a href="#">Cathy Gallo &amp; Anne Sears</a>	<a href="#">(718) 887-6985</a>
	<a href="#">535 Broadway Bayonne, NJ 07002</a>	<a href="#">PBJC I LLC</a> <a href="#">Kenneth Macchiavema</a>	<a href="#">(201) 455-2323</a>
	<a href="#">610 N Bay Avenue Beach Haven, NJ 08008-1982</a>	<a href="#">SUNRISE &amp; SUNSET DREAMS LLC</a>	<a href="#">(609) 467-5818</a>





307 Beach Avenue, Unit 2 Cape May, NJ 08204-1407	<a href="#">STOKED LIFE CAPE MAY LLC</a>	<a href="#">(609) 224-7017</a>
Market Place at Garden State Park 2010 Route 70 West, Suite B Cherry Hill, NJ 08002	<a href="#">STOKED LIFE LLC</a>	<a href="#">(856) 320-2133</a>
230 Route 206 N Chester, NJ 07930	<a href="#">MAIN BOWLS CHESTER LLC</a>	<a href="#">(908) 888-2879</a>
102B Union Ave N Cranford, NJ 07016-2121	<a href="#">PB WESTFIELD LLC</a>	<a href="#">(908) 325-6353</a>
4 Broadway Denville, NJ 07834-2704	<a href="#">MAIN BILLS DENVILLE LLC</a>	<a href="#">(973) 784-4062</a>
505 N Broad Street Elizabeth, NJ 07208	<a href="#">3LR PB ELIZABETH FRANCHISE LLC</a>	<a href="#">(908) 348-6262</a>
38 E Palisade Avenue Englewood, NJ 07631-2902	<a href="#">PB OF ENGLEWOOD LLC</a>	<a href="#">(201) 928-7788</a>
182 Ridgedale Avenue Florham Park, NJ 07932	<a href="#">PLAYA FLORHAM PARK LLC</a>	<a href="#">(973) 295-6976</a>
44M Manchester Avenue (Lacey) Forked River, NJ 08731-1365	<a href="#">ISLAND BOWLS LACEY LLC</a>	<a href="#">(609) 994-2828</a>
833 Franklin Lakes Road Franklin Lakes, NJ 07417	<a href="#">PB OF FRANKLIN LAKES LLC</a>	<a href="#">(201) 824-2400</a>
Freehold Raceway Mall, 3710 US-9 Freehold, NJ 07728	<a href="#">JOBELLA 910-3 LLC</a>	<a href="#">(732) 984-9743</a>
150 Main Street, Suite #2 Hackensack, NJ 07061	<a href="#">PB OF HACKENSACK LLC</a> <a href="#">Gerald Eicke &amp; Francesco Stillitano</a>	<a href="#">(201) 830-1782</a>
100 Hudson Street Hoboken, NJ 07030-5788	<a href="#">PB HUDSON LLC</a>	<a href="#">(201) 499-3687</a>
Holmdel Towne Center, 35N Holmdel, NJ 07733	<a href="#">PB HOLMDEL LLC</a>	<a href="#">(732) 533-5191</a>
4701 US-9 Howell Township, NJ 07731	<a href="#">NAPSCO LLC</a>	<a href="#">(201) 566-8231</a>
603 Grand Central Ave Lavallette, NJ 08735-2213	<a href="#">BARRIER ISLAND INVESTMENTS, INC.</a>	<a href="#">(732) 830-2000</a>
339 N Main Street Manahawkin, NJ 08050-3069	<a href="#">BARRIER ISLAND INVESTMENTS, INC.</a>	<a href="#">(609) 312-7879</a>
300 Route 73, Suite I Marlton, NJ 08053	<a href="#">STOKED LIFE MARLTON LLC</a>	<a href="#">(856) 334-5893</a>
14 N Park Place Morristown, NJ 07960-6830	<a href="#">PB MORRISTOWN LLC**</a>	<a href="#">(973) 267-1777</a>
Newark Airport, Terminal A 3 Brewster Road Newark, NJ 07114	<a href="#">PB EWR, LLC</a>	<a href="#">(917) 930-8234</a>
744 Boardwalk Ocean City, NJ 08226-3727	<a href="#">BOWLS AND DREAMS CORP</a>	<a href="#">(609) 938-2224</a>
1324 S Boardwalk Ocean City, NJ 08226-3242	<a href="#">STOKED LIFE OCEAN CITY LLC</a>	<a href="#">(609) 938-4633</a>
410 Ocean Avenue Point Pleasant Beach, NJ 08742	<a href="#">POINT BEACH POR VIDA, LLC</a>	<a href="#">(848) 241-9950</a>
500 Route 23N Pompton Plains, NJ 07444	<a href="#">AC BOWLS LLC</a>	<a href="#">(862) 248-0782</a>
101 Nassau Park Boulevard Princeton, NJ 08540	<a href="#">TNCK LLC</a>	<a href="#">(973) 800-7464</a>



	305 E Ridgewood Avenue Ridgewood, NJ 07450-3359	PB RIDGEWOOD	(201) 639-2700
	82 Park Avenue Rutherford, NJ 07070-1957	3LR PB RUTHERFORD FRANCHISE LLC	(201) 559-3339
	2150 Route 35 Sea Girt, NJ 08750-1012	PLAYA BOWLS SEA GIRT LLC	(732) 359-7166
	33 42 <sup>nd</sup> Street Sea Isle City, NJ 08243-1939	STOKED LIFE SEA ISLE LLC	(609) 478-3471
	819 Boardwalk Casino Pier Seaside Heights, NJ 08751	GKK LLC	(732) 854-7040
	1999 Promenade Seaside Park, NJ 08752-1242	DAIKEN LLC	(732) 250-6759
	279 New Road Somers Point, NJ 08244	Stoked Life Somers Point LLC Joe Wallash	(609) 365-2432
	3010 State Route 27, Unit 6 South Brunswick, NJ 08824	KADA ENTERPRISES LLC	(848) 777-5292
	4 North Village Blvd, Suite B Sparta, NJ 07871-3592	MAIN BOWLS SPARTA LLC	(973) 729-2695
	261 96 <sup>th</sup> Street Stone Harbor, NJ 08247-1965	STOKED LIFE LLC	(609) 830-5492
	51 Summit Avenue Summit, NJ 07901-3613	PB SUMMIT LLC	(908) 522-8385
	518 Long Beach Blvd Surf City, NJ 08008-5215	SUNRISE & SUNSET DREAMS LLC	(609) 342-1908
	63 Union Boulevard Totowa, NJ 07512	Raquel Calvo	(973) 321-8233
	1816 Palisade Avenue Union City, NJ 07087-4439	3LR PB UNION CITY FRANCHISE LLC	(201) 520-2636
	6414 Ventnor Ave Ventnor City, NJ 08406	Barrier Island Investments, Inc. Ryan Daly & Robert Ciliento	(609) 499-8192
	194 Liberty Corner Road Warren, NJ 07059	Raquel Calvo	(908) 350-3355
	710 Somerset Street Watchung, NJ 07069	3LR PB WATCHUNG FRANCHISE LLC	(908) 427-3131
	796 Bloomfield Ave West Caldwell, NJ 07006-6710	PLAYA BOWLS WEST CALDWELL	(973) 227-1112
	99 Westwood Ave Westwood, NJ 07675	PB OF WESTWOOD	(201) 824-6800
	531 Route 22 East, Unit 11 Whitehouse Station, NJ 08889	PLAYA WHITEHOUSE LLC	(908) 812-1959
	3800 Boardwalk Wildwood, NJ 08260-5432	STOKED LIFE WILDWOOD LLC	(609) 551-2802
	97 Main Street Woodbridge, NJ 07095	Raquel Calvo	(732) 510-7986
NY	181 Bedford Avenue (Williamsburg) Brooklyn, NY 11211	EARTH BOWLS LLC	(917) 231-5259
	425 5th Avenue, Park Slope #1 Brooklyn, NY 11215	PB ON THE SLOPE LLC	(917) 607-4967
	82 7th Avenue, Park Slope #2 Brooklyn, NY 11217	PB NORTH SLOPE LLC	(917) 607-4967
	15 Park Place Bronxville, NY 10708-4129	PLEASANTVILLE PLAYA LLC	(914) 652-7181



100 West 72nd Street (CPW) New York, NY 10023	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(917) 231-5259</a>
331 Rockaway Turnpike Lawrence, NY 11559	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(917) 231-5259</a>
2259 Merrick Road Merrick, NY 11566	<a href="#">Keith Devito &amp; Danny Volk</a>	<a href="#">(516) 208-7007</a>
347 B NY-25A Miller Place, NY 11764	<a href="#">Kenneth Ruben</a>	<a href="#">(631) 828-6444</a>
8133 Fashion Drive Nanuet, NY 10954	<a href="#">PB NANUET LLC</a>	<a href="#">(845) 627-5292</a>
299 7 <sup>th</sup> Ave (FIT) New York, NY 10001	<a href="#">CALDERONE HOSPITALITY LLC</a>	<a href="#">(212) 933-4160</a>
230 Park Ave (Grand Central) New York, NY 10169	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(646) 747-0813</a>
570 Lexington Ave (Urbanspace) New York, NY 10022-6837	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(917) 421-9349</a>
108 MacDougal Street New York, NY 10012	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(212) 674-2695</a>
Mercedes Club NYC 550 W 54 <sup>th</sup> Street New York, NY 10019-5978	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(646) 979-3050</a>
2327 Broadway West 84 <sup>th</sup> Street New York, NY 10024 (UWS)	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(646) 558-7222</a>
1 New York Plaza (Wall Street) New York, NY 10004-1901	<a href="#">PLAYA BOWLS 1 NY PLAZA LLC</a>	<a href="#">(917) 231-5259</a>
100 Pearl Street (FIDI) New York, NY 10004	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(480) 476-7550</a>
124 E 14th Street (Union Square) New York, NY 10003	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(917) 231-5259</a>
1350 Broadway (Bryant Park) New York, NY 10018	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(917) 231-5259</a>
1471 2 <sup>nd</sup> Ave (Upper East Side) New York, NY 10028	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(646) 558-3292</a>
487 6 <sup>th</sup> Ave (Greenwich Village) New York, NY 10011	<a href="#">EARTH BOWLS LLC</a>	<a href="#">(212) 674-2695</a>
1291 Lexington Avenue (FIT) New York, NY 10028	<a href="#">1291 Lexington Avenue LLC</a>	<a href="#">(917) 626-3631</a>
2841 Broadway (Columbia) (Morningside Heights) New York, NY 10025	<a href="#">2841 BROADWAY LLC</a>	<a href="#">(917) 626-3631</a>
50 Fulton Street New York, NY 10038	<a href="#">Mona Kaplan</a>	<a href="#">(516) 448-4090</a>
Penn Station New York, NY 10119	<a href="#">Mona Kaplan</a>	<a href="#">(516) 448-4090</a>
750 7th Ave (Times Square) New York, NY 10019	<a href="#">Mona Kaplan</a>	<a href="#">(516) 448-4090</a>
465 Bedford Road Pleasantville, NY 10570-2932	<a href="#">PLEASANTVILLE PLAYA LLC</a>	<a href="#">(914) 495-3438</a>
2507 South Road Poughkeepsie, NY	<a href="#">PB23, INC.</a>	<a href="#">(914) 456-6764</a>
18 Purdy Ave Rye, NY 10580	<a href="#">PLAYA OF RYE INC</a>	<a href="#">(914) 305-4244</a>



	2655 Richmond Avenue Staten Island, NY 10314	Cathy Gallo & Anne Sears	(718) 608-9090
	1275 Woodrow Road Staten Island, NY 10309	Cathy Gallo & Anne Sears	(718) 608-9090
	3 Main Street Tarrytown, NY 10590-1413	PB TARRYTOWN, INC.	(914) 418-5483
NC	744B 9th Street Durham, NC 27705	Fortune Favors the Bowled LLC David Pokorny	(303) 946-2053
	2526 Hillsborough Street, Suite 101 Raleigh 1, NC 26707	Fortune Favors the Bowled LLC David Pokorny	(303) 946-2053
OH	1952 North High Street (OSU) Columbus, OH 43101-1165	AMAZE BOWLS, LLC	(614) 641-4800
	5765 N Hamilton Road (New Albany) Columbus, OH 43054	AMAZE BOWLS, LLC	(614) 561-4813
	1200 Brown Street, Space 105 Dayton, OH 45409	Open Shot LLC	(973) 231-6229
	6704 Perimeter Loop Road Dublin, OH 43017	AMAZE BOWLS, LLC	(614) 561-4813
	734B North Main Street Springboro, OH 45066	Open Shot LLC	(973) 231-6229
PA	310 E 3 <sup>rd</sup> Street Bethlehem, PA 18015-1310	PLAYA BOWLS BETHLEHEM LLC	(610) 419-4294
	3525 Gettysburg Road, Unit 1 Camp Hill, PA 17011	Brooke Butler-Wagner	(223) 336-4188
	30 N Hanover Street Carlisle, PA 17013	MI LEGADO LLC	(223) 336-4188
	3045 Center Valley Pkwy, Suite 118 Center Valley, PA 18034	BOWLS OF STEEL LLC	(610) 217-0597
	3770 Dryland Way (Nazareth) Easton, PA 18045-8353	James Dale & THE BLACKBEARD GROUP LLC	(484) 387-0470
	110 Lincoln Highway Fairless Hills, PA 19030-1011	BERGEN SUN & STARS LLC	(267) 202-6442
	2615 Linglestown Road Harrisburg, PA 17710	Brooke Butler-Wagner	(223) 336-4188
	2913 S Eagle Road Newtown, PA 18940-1554	BERGEN SUN & STARS LLC	(215) 550-6472
	4 Airport Square (Montgomeryville) North Wales, PA 19454	James Dale & Blackbeard LLC Stephen Sherriff	(215) 589-4878
	807 N 2nd Street (Northern Liberties) Philadelphia, PA 19123	James Dale & The Blackbeard Group LLC	(267) 374-3194
	1804 Chestnut Street (Philly) Philadelphia, PA 19103-4903	BOWLS OF STEEL III LLC	(484) 538-8386
	1932 Liacouras Walk (Temple U) Philadelphia, PA 19122	PB TEMPLE LLC	(267) 639-3548
	236 S 11th Street Philadelphia, PA 19106	BOWLS OF STEEL IX LLC James Dale & Stephen Sheriff	(267) 244-0881
	4034 Walnut Street Philadelphia, PA 19104	BOWLS OF STEEL VIII LLC James Dale & Stephen Sheriff	(267) 969-4994
	482 East Calder Way (Penn State) State College, PA 16801-5667	PB STATE COLLEGE LLC	(814) 954-5139
	1609 N Main Street, Suite 1101 Warrington, PA 18976	BOWLS OF STEEL II LLC	(215) 435-9947



	<a href="#">150 E Lancaster Ave (Villanova)</a> <a href="#">Wayne, PA 19087-4142</a>	<a href="#">BIG BOWLS LLC</a>	<a href="#">(484) 580-2157</a>
	<a href="#">22 S High Street</a> <a href="#">West Chester, PA 19382-3225</a>	<a href="#">STOKED LIFE LLC</a>	<a href="#">(484) 887-8708</a>
<a href="#">SC</a>	<a href="#">429 King Street</a> <a href="#">Charleston, SC 29403-6232</a>	<a href="#">PBSC, LLC</a>	<a href="#">(843) 202-0079</a>
	<a href="#">Greenville, SC</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">PB UPSTATE SC, LLC</a>	<a href="#">(803) 404-1001</a>
	<a href="#">766 S Shelmore, Suite 201</a> <a href="#">Mount Pleasant, SC 29464</a>	<a href="#">PBSC2, LLC</a>	<a href="#">(843) 388-5394</a>
<a href="#">TX</a>	<a href="#">22706 US HWY N 281, Suite 104</a> <a href="#">San Antonio, TX 78258</a>	<a href="#">Dipesh Patel</a>	<a href="#">(210) 257-8564</a>
	<a href="#">9702 Texas 151 HWY</a> <a href="#">San Antonio, TX 78251</a>	<a href="#">Dipesh Patel</a>	<a href="#">(228) 424-2609</a>
	<a href="#">9708 Business Parkway, Suite 102</a> <a href="#">Helotes, TX 78023</a>	<a href="#">GEMAA ACAI, LLC</a> <a href="#">Dipesh Patel</a>	<a href="#">(210) 263-9659</a>
<a href="#">VA</a>	<a href="#">2910 District Ave #168</a> <a href="#">Fairfax, VA 22031-2284</a>	<a href="#">JDACAI LLC</a>	<a href="#">(703) 854-1688</a>
	<a href="#">3405 Candler Mountain Road</a> <a href="#">Lynchburg, VA 24502</a>	<a href="#">Campbell Bowls LLC</a>	<a href="#">(704) 941-1826</a>
	<a href="#">1820 Discovery Street</a> <a href="#">Reston, VA 20190-5606</a>	<a href="#">JDACAI RESTON LLC</a>	<a href="#">(571) 926-9656</a>
<a href="#">WA, D.C.</a>	<a href="#">4857 Massachusetts Avenue NW,</a> <a href="#">Washington, DC 20016</a> <a href="#">(Spring Valley)</a>	<a href="#">JDACAI Holdings LLC</a>	<a href="#">(303) 946-2053</a>

\*\* Transferred Locations

\*\*\* Franchisee signed a Multi-Unit Development Agreement.

<b>FRANCHISEES WITH OUTLETS NOT YET OPEN</b> <b>(as of December 31, 2023)</b>			
<b>State</b>	<b>Business Location</b>	<b>Franchisee</b>	<b>Phone Number</b>
<a href="#">AL</a>	<a href="#">460 John Henry Way, Suite 390</a> <a href="#">Madison, AL 35757</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">PB Madison AL, Inc.</a> <a href="#">Rodney Cottingham</a>	<a href="#">(256) 763-1198</a>
	<a href="#">100 Outfield Drive, Suite D</a> <a href="#">Madison, AL 35758</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">PB Madison AL, Inc.</a> <a href="#">Rodney Cottingham</a>	<a href="#">(256) 763-1198</a>
	<a href="#">Huntsville, AL 35803</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">PB Madison AL, Inc.</a> <a href="#">Rodney Cottingham</a>	<a href="#">(256) 763-1198</a>
<a href="#">AZ</a>	<a href="#">ASU</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">IT'S A "SHORE" THING 1 LLC</a> <a href="#">Larry DeRogatis, Anthony DeRogatis &amp;</a> <a href="#">Susan DeRogatis</a>	<a href="#">(602) 768-6605</a>
	<a href="#">1949 West Ray Road, Unit 39</a> <a href="#">Chandler Arizona 85224</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">PLAYA CHANDLER LLC</a>	<a href="#">(480) 773-1856</a>
	<a href="#">Mesa, AZ</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">Playa Mesa LLC</a> <a href="#">Zachary Markham</a>	<a href="#">(480) 773-1856</a>
	<a href="#">Gilbert, AZ</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">PLAYA GILBERT, LLC</a> <a href="#">Zachary Markham &amp; Erica Markham</a>	<a href="#">(480) 773-1855</a>
<a href="#">DE</a>	<a href="#">Dewey Beach, DE</a> <a href="#">(Outlet Not Yet Open)</a>	<a href="#">GEE BOWLS INC</a>	<a href="#">(443) 350-2978</a>



<u>FL</u>	<u>Aventura, FL</u> <u>(Outlet Not Yet Open)</u>	<u>PBFL LLC</u>	<u>(561) 305-7100</u>
	<u>1100 N. Congress Avenue</u> <u>Boynton Beach, FL 33426</u> <u>(Outlet Not Yet Open)</u>	<u>BOYNTON PB, LLC</u> <u>Joseph D. Coakley Jr.</u>	<u>(828) 387-1666</u>
	<u>Brickell, FL</u> <u>(Outlet Not Yet Open)</u>	<u>FOOD FOR HEART LLC</u> <u>Larry Trueheart</u>	<u>(804) 405-2821</u>
	<u>6502-6588 N State Road 7</u> <u>Coconut Creek, FL 33073</u> <u>(Outlet Not Yet Open)</u>	<u>FL PINEAPPLELAND, LLC</u> <u>Ricard Arguello &amp; Darrell Casoria</u>	<u>(786) 400-6147</u>
	<u>901 S. Miami Avenue</u> <u>Miami, FL 33130</u> <u>(Dania Beach, FL)</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA LLC</u> <u>Alexandra Arguello</u>	<u>(786) 400-6147</u>
	<u>444 Weston Road (Weston)</u> <u>Davie, FL 33326</u> <u>(Outlet Not Yet Open)</u>	<u>PB WEST BROWARD LLC</u> <u>Roxanne Vogel</u>	<u>(954) 529-0078</u>
	<u>Doral, FL</u> <u>(Outlet Not Yet Open)</u>	<u>PBFL LLC</u>	<u>(561) 305-7100</u>
	<u>Las Olas, FL</u> <u>(Outlet Not Yet Open)</u>	<u>FL PINEAPPLELAND, LLC</u> <u>Darrell Casoria, Ricardo Arguello</u>	<u>(561) 305-7100</u>
	<u>2261 Town Center Ave, Melbourne</u> <u>FL 32940</u>	<u>Eric Myers</u>	<u>(760) 579-1312</u>
	<u>10834 SW 104th Street (Kendall)</u> <u>Miami, FL 33176</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA</u> <u>Alexandra Arguello, Gary Yip &amp; Dian Fini</u>	<u>(786) 400-6147</u>
	<u>Miami Beach, FL</u> <u>(Outlet Not Yet Open)</u>	<u>FOOD FOR HEART LLC</u> <u>Larry Trueheart</u>	<u>(804) 405-2821</u>
	<u>Naples, FL (Bonita Springs)</u> <u>(Outlet Not Yet Open)</u>	<u>BERGEN SUN &amp; STARS LLC</u>	<u>(215) 760-6080</u>
	<u>14681 Biscayne Boulevard</u> <u>North Miami Beach, FL 33181</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA</u> <u>Alexandra Arguello, Gary Yip &amp; Dian Fini</u>	<u>(786) 400-6147</u>
	<u>Orlando, FL (UCF)</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA LLC</u> <u>Alexandra Arguello</u>	<u>(786) 400-6147</u>
	<u>700 Pier Park Drive, Unit D186</u> <u>Panama City Beach, FL 32413</u> <u>(Outlet Not Yet Open)</u>	<u>PCBOWLS LLC</u> <u>Jordan VanGeffen &amp; Christoph VanGeffen</u>	<u>(985) 774-1893</u>
	<u>Pinecrest, FL</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA LLC</u> <u>Alexandra Arguello (PB EXPANSION</u> <u>LLC) Gary Yip &amp; Dian Fini (FINI PB</u> <u>FLORIDA LLC)</u>	<u>(786) 400-6147</u>
	<u>Pembroke Pines, FL</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA</u> <u>Alexandra Arguello, Gary Yip &amp; Dian Fini</u>	<u>(786) 400-6147</u>
	<u>10053 Cleary Boulevard</u> <u>Plantation, FL 33324</u> <u>(Outlet Not Yet Open)</u>	<u>PB VENTURE FLORIDA LLC</u> <u>Alexandra Arguello</u>	<u>(786) 400-6147</u>
	<u>Port St. Lucie, FL</u> <u>(Outlet Not Yet Open)</u>	<u>Z BOWLS 1 LLC</u>	<u>(973) 229-4394</u>



	<a href="#"><u>Royal Palm Beach, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>Joseph D. Coakley Jr.</u></a>	<a href="#"><u>(828) 387-1666</u></a>
	<a href="#"><u>St. John's, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>Richard Hardman and Mark Williams</u></a>	<a href="#"><u>(732) 966-7716</u></a>
	<a href="#"><u>Sarasota (34246) (Outlet Not Yet Open)</u></a>	<a href="#"><u>Ethan McGown and Seth McGown</u></a>	<a href="#"><u>(201) 218-6364</u></a>
	<a href="#"><u>Tampa, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>Tabatha L. Castro and Pablo Reid</u></a>	<a href="#"><u>(856) 366-3206</u></a>
	<a href="#"><u>Sunrise, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>PB VENTURE FLORIDA LLC Alexandra Arguello</u></a>	<a href="#"><u>(786) 400-6147</u></a>
	<a href="#"><u>West Palm Beach, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>Z BOWLS 1 LLC Michael Zorn &amp; Jenna Zorn</u></a>	<a href="#"><u>(973) 229-4394</u></a>
	<a href="#"><u>Wellington, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>Z BOWLS 1 LLC Michael Zorn &amp; Jenna Zorn</u></a>	<a href="#"><u>(973) 229-4394</u></a>
	<a href="#"><u>Winter Garden, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>FOOD FOR HEART LLC Larry Trueheart</u></a>	<a href="#"><u>(804) 405-2821</u></a>
	<a href="#"><u>Winter Park, FL (Outlet Not Yet Open)</u></a>	<a href="#"><u>PB VENTURE FLORIDA Alexandra Arguello, Gary Yip &amp; Dian Fini</u></a>	<a href="#"><u>(786) 400-6147</u></a>
<a href="#"><u>GA</u></a>	<a href="#"><u>196 Alps Road, Suite 122-A Athens, GA 30606 (Outlet Not Yet Open)</u></a>	<a href="#"><u>Nicholas Ransom</u></a>	<a href="#"><u>(732) 266-6403</u></a>
	<a href="#"><u>1 Galambos Way, Suite 140 Sandy Springs, GA 30328 (Outlet Not Yet Open)</u></a>	<a href="#"><u>Nicholas Ransom</u></a>	<a href="#"><u>(732) 266-6403</u></a>
	<a href="#"><u>1170 Temple Drive Sugar Hill, GA 30518 (Outlet Not Yet Open)</u></a>	<a href="#"><u>Nicholas Ransom</u></a>	<a href="#"><u>(732) 266-6403</u></a>
<a href="#"><u>IL</u></a>	<a href="#"><u>Chicago, IL (Outlet Not Yet Open)</u></a>	<a href="#"><u>JERK STORE, LLC *** Brian Cutlip, Andre Frukacz, Grant Hosking</u></a>	<a href="#"><u>(860) 803-7954</u></a>
<a href="#"><u>KY</u></a>	<a href="#"><u>3880 Fountain Blue Lane Lexington, KY 40513 (Lexington 1) (Outlet Not Yet Open)</u></a>	<a href="#"><u>WS ENTERPRISE LLC Matthew Waldman &amp; Delorean Smith</u></a>	<a href="#"><u>(859) 433-4639</u></a>
	<a href="#"><u>Lexington, KY (Lexington 2) (Outlet Not Yet Open)</u></a>	<a href="#"><u>WS ENTERPRISE LLC Matthew Waldman &amp; Delorean Smith</u></a>	<a href="#"><u>(859) 433-4639</u></a>
	<a href="#"><u>40241, KY (Outlet Not Yet Open)</u></a>	<a href="#"><u>SABLER LLC</u></a>	<a href="#"><u>(502) 807-2327</u></a>
<a href="#"><u>LA</u></a>	<a href="#"><u>Covington, LA (Outlet Not Yet Open)</u></a>	<a href="#"><u>NORTSHORE BOWLS LLC</u></a>	<a href="#"><u>(985) 774-1893</u></a>
	<a href="#"><u>Lafayette, LA (Outlet Not Yet Open)</u></a>	<a href="#"><u>PLAYA ROMA 1 LLC Stephen Roma &amp; Heidi Roma</u></a>	<a href="#"><u>(732) 330-4633</u></a>
	<a href="#"><u>1752 Lindberg Drive Slidell, LA 70458 (Outlet Not Yet Open)</u></a>	<a href="#"><u>DELL TOWN BOWLS LLC Jordan VanGeffen &amp; Christopher VanGeffen</u></a>	<a href="#"><u>(985) 774-1893</u></a>
<a href="#"><u>MD</u></a>	<a href="#"><u>8525 Chevy Chase Lake Terrace Chevy Chase, MD 20815 (Outlet Not Yet Open)</u></a>	<a href="#"><u>JDACAI Chevy Chase LLC</u></a>	<a href="#"><u>(303) 946-2053</u></a>
	<a href="#"><u>Columbia, MD (Outlet Not Yet Open)</u></a>	<a href="#"><u>FINNATIC ALLIANCE, LLC Jose and Sophia Finn</u></a>	<a href="#"><u>(206) 250-2719</u></a>



	<a href="#">Fulton, MD</a> (Outlet Not Yet Open)	<a href="#">FINNATIC ALLIANCE, LLC</a> <a href="#">Jose and Sophia Finn</a>	<a href="#">(206) 250-2719</a>
	<a href="#">Clarksville, MD</a> (Outlet Not Yet Open)	<a href="#">JDACAI Holdings LLC</a>	<a href="#">(303) 946-2053</a>
	<a href="#">11651 Coastal Highway</a> <a href="#">Ocean City, MD 21842</a> (Outlet Not Yet Open)	<a href="#">David Eynon &amp; Jeffrey Giuliani</a>	<a href="#">(303) 946-2053</a>
MA	<a href="#">65 University Ave</a> <a href="#">Amherst, MA 01002</a> (Outlet Not Yet Open)	<a href="#">NORTHEAST INNOVATIVE SOLUTIONS LLC</a> <a href="#">Timothy Day</a>	<a href="#">(561) 305-3541</a>
	<a href="#">Andover, MA</a> (Outlet Not Yet Open)	<a href="#">PB Andover LLC</a> <a href="#">Dana Nentin, David Swanson &amp; Hung Lam</a>	<a href="#">(617) 780-0303</a>
	<a href="#">Attleboro, MA</a> (Outlet Not Yet Open)	<a href="#">PB Restaurant, Inc.</a>	<a href="#">(646) 460-9102</a>
	<a href="#">Hingham, MA (Hanover)</a> (Outlet Not Yet Open)	<a href="#">PB HINGHAM MA LLC</a>	<a href="#">(617) 780-0303</a>
	<a href="#">Wellesley, MA</a> (Outlet Not Yet Open)	<a href="#">PB Wellesley LLC</a>	<a href="#">(617) 780-0303</a>
	<a href="#">Boston Metro Area</a> (Outlet Not Yet Open)	<a href="#">PB Boston LLC ***</a> <a href="#">Dana Nentin, David Swanson, Sarosh Nentin &amp; Hung Lam</a>	<a href="#">(617) 780-0303</a>
	<a href="#">Berlin, MA</a> (Outlet Not Yet Open)	<a href="#">ACAI WAVE LLC</a> <a href="#">Troy Van Belle, Richard Howell, Dennis Sosa</a>	<a href="#">(480) 277-3081</a>
	<a href="#">Worcester, MA</a> (Outlet Not Yet Open)	<a href="#">ACAI WAVE LLC</a> <a href="#">Troy Van Belle, Richard Howell, Dennis Sosa</a>	<a href="#">(480) 277-3081</a>
	<a href="#">Ann Arbor, MI</a> (Outlet Not Yet Open)	<a href="#">PB Ann Arbor LLC (William Kretsch &amp; Alana Gabriel)</a>	<a href="#">(248) 770-2727</a>
NH	<a href="#">Bedford, NH</a> (Outlet Not Yet Open)	<a href="#">PB - BEDFORD, LLC</a> <a href="#">Carrie Ayers &amp; Josher Ayers</a>	<a href="#">(301) 755-3393</a>
	<a href="#">Salem, NH</a> (Outlet Not Yet Open)	<a href="#">PB - SALEM, LLC</a> <a href="#">Carrie Ayers &amp; Josher Ayers</a>	<a href="#">(301) 755-3393</a>
NJ	<a href="#">Bernardsville, NJ</a> (Outlet Not Yet Open)	<a href="#">Tom Graziano</a>	<a href="#">(908) 420-7177</a>
	<a href="#">84 North Walnut Street</a> <a href="#">East Orange, NJ 07017</a> (Outlet Not Yet Open)	<a href="#">LIZZMONAYA LLC</a> <a href="#">Lamar McCloud &amp; Lizzette Pagan</a>	<a href="#">(917) 930-8234</a>
	<a href="#">Jersey City, NJ</a> (Outlet Not Yet Open)	<a href="#">PBJC I LLC</a> <a href="#">Kenneth Macchiavema</a>	<a href="#">(732) 278-4888</a>
	<a href="#">Moorestown, NJ</a> (Outlet Not Yet Open)	<a href="#">Joe Wallash+C166</a>	<a href="#">(609) 610-1700</a>
	<a href="#">5 Lakeside Drive S</a> <a href="#">North Bergen, NJ 07047</a> (Outlet Not Yet Open)	<a href="#">Raquel Calvo</a>	<a href="#">(201) 725-7675</a>
	<a href="#">2020 Hwy 9 Suite 103</a> <a href="#">Old Bridge, NJ 08857</a> (Outlet Not Yet Open)	<a href="#">Robert Howell</a>	<a href="#">(848) 218-2600</a>
	<a href="#">Robbinsville, NJ</a> (Outlet Not Yet Open)	<a href="#">PBJSQ LLC</a> <a href="#">Kenneth Macchiavema</a>	<a href="#">(732) 278-4888</a>





	<a href="#">South Orange, NJ (Outlet Not Yet Open)</a>	<a href="#">LIZZMONAYA LLC Lamar McCloud &amp; Lizzette Pagan</a>	<a href="#">(917) 930-8234</a>
	<a href="#">137 Egg Harbor Road, Unit H, Sewell NJ 08080 Washington Township, NJ (Outlet Not Yet Open)</a>	<a href="#">Fun Fresh Fruits LLC Kristina Ann Christian &amp; Gregory Christian</a>	<a href="#">(973) 525-6773</a>
	<a href="#">Vineland, NJ (Outlet Not Yet Open)</a>	<a href="#">Joe Wallash</a>	<a href="#">(609) 610-1700</a>
NY	<a href="#">84 Front Street (DUMBO) Brooklyn, NY 11201 (Outlet Not Yet Open)</a>	<a href="#">PB DUMBO LLC</a>	<a href="#">(917) 607-4967</a>
	<a href="#">136 Smith Street (Cobble Hill) Brooklyn, NY 11201 (Outlet Not Yet Open)</a>	<a href="#">PB COBBLE HILL LLC</a>	<a href="#">(917) 607-4967</a>
	<a href="#">Lagrangeville, NY (Outlet Not Yet Open)</a>	<a href="#">PB23, INC.</a>	<a href="#">(914) 456-6764</a>
	<a href="#">Manhasset, NY (Outlet Not Yet Open)</a>	<a href="#">Keith Devito &amp; Danny Volk</a>	<a href="#">(917) 273-9699</a>
	<a href="#">83 Murray Street New York, NY 10007 (Outlet Not Yet Open)</a>	<a href="#">PB TRIBECA – WTC LLC</a>	<a href="#">(917) 607-4967</a>
	<a href="#">1130 Madison Avenue, New York, NY 10028 (Outlet Not Yet Open)</a>	<a href="#">1130 Madison Avenue LLC</a>	<a href="#">(917) 626-3631</a>
	<a href="#">89 E 42nd Street (Grand Central) New York, NY 10017 (Outlet Not Yet Open)</a>	<a href="#">Steve Troia</a>	<a href="#">(917) 902-4851</a>
	<a href="#">2 E 33rd Street New York, NY 10016 (Outlet Not Yet Open)</a>	<a href="#">Steve Troia</a>	<a href="#">(917) 626-3631</a>
	<a href="#">Stony Brook, NY (Outlet Not Yet Open)</a>	<a href="#">KENNETH SNOW ENTERPRISES INC. Kenneth Ruben</a>	<a href="#">(631) 873-7883</a>
	<a href="#">245 Main Street White Plains, NY 10601 (Outlet Not Yet Open)</a>	<a href="#">Steve Dimovski, Jarod Jackette &amp; John Mandarino</a>	<a href="#">(914) 355-1761</a>
	<a href="#">Woodbury Common Premium Outlets Woodbury, NY 11797 (Outlet Not Yet Open)</a>	<a href="#">PB Woodbury Commons, Inc. Dan Feder</a>	<a href="#">(845) 323-6900</a>
NC	<a href="#">Cary, NC (Outlet Not Yet Open)</a>	<a href="#">Fortune Favors the Bowled LLC David Pokorny</a>	<a href="#">(516) 241-0924</a>
	<a href="#">Chapel Hill, NC (Outlet Not Yet Open)</a>	<a href="#">David Eynon, Jeffrey Giuliano, &amp; Jon Dickens</a>	<a href="#">(303) 946-2053</a>
	<a href="#">222 S Main Street, Suite 1A Moorestville, NC 28115 (Outlet Not Yet Open)</a>	<a href="#">AraMaya, LLC Dustin Berastain &amp; Natalie Fiore</a>	<a href="#">(980) 447-0993</a>
	<a href="#">Raleigh 2, NC (Outlet Not Yet Open)</a>	<a href="#">Fortune Favors the Bowled LLC David Pokorny</a>	<a href="#">(303) 946-2053</a>
	<a href="#">Raleigh 3, NC (Outlet Not Yet Open)</a>	<a href="#">Fortune Favors the Bowled LLC David Pokorny</a>	<a href="#">(516) 241-0924</a>



	<a href="#"><u>Raleigh 4, NC (Outlet Not Yet Open)</u></a>	<a href="#"><u>Fortune Favors the Bowled LLC David Pokorny</u></a>	<a href="#"><u>(516) 241-0924</u></a>
<a href="#"><u>OH</u></a>	<a href="#"><u>2193 Quarry Trails Drive Columbus, OH 43204 (Outlet Not Yet Open)</u></a>	<a href="#"><u>AMAZE BOWLS, LLC</u></a>	<a href="#"><u>(614) 561-4813</u></a>
	<a href="#"><u>Kent, OH (Outlet Not Yet Open)</u></a>	<a href="#"><u>Roosevelt Delbert Nix-Jones</u></a>	<a href="#"><u>614-832-9942</u></a>
	<a href="#"><u>124 W. Loveland Avenue Loveland, OH 45140 (Outlet Not Yet Open)</u></a>	<a href="#"><u>PLAYA LOVELAND, INC. David &amp; Aimee Jacob</u></a>	<a href="#"><u>(513) 200-8078</u></a>
	<a href="#"><u>Polaris, OH (Outlet Not Yet Open)</u></a>	<a href="#"><u>AMAZE BOWLS, LLC Brett Coleman &amp; William Coleman</u></a>	<a href="#"><u>(614) 561-4813</u></a>
	<a href="#"><u>2645 Street Road Bensalem, PA 19020 (Outlet Not Yet Open)</u></a>	<a href="#"><u>PLAYA BOWLS BENSALEM, LLC</u></a>	<a href="#"><u>(215) 760-6080</u></a>
<a href="#"><u>PA</u></a>	<a href="#"><u>Hamilton, PA (Outlet Not Yet Open)</u></a>	<a href="#"><u>Nicole Ryerson, John Ryerson, &amp; Jean-Michel Mechin</u></a>	<a href="#"><u>(610) 417-5211</u></a>
	<a href="#"><u>597 E Main Street Hummelstown, PA 17036 (Outlet Not Yet Open)</u></a>	<a href="#"><u>Chop Chop 1, LLC C. Stine, K. Desai, C. Desai, A. Parekh, N. Mehta, and B. Moss</u></a>	<a href="#"><u>(717) 514-5257</u></a>
	<a href="#"><u>Pittsburgh, PA (Cranberry) (Outlet Not Yet Open)</u></a>	<a href="#"><u>John Bongiorno</u></a>	<a href="#"><u>(610) 996-6719</u></a>
	<a href="#"><u>Pittsburgh, PA (McKight) (Outlet Not Yet Open)</u></a>	<a href="#"><u>John Bongiorno</u></a>	<a href="#"><u>(610) 996-6719</u></a>
	<a href="#"><u>Pittsburgh, PA (Oakland) (Outlet Not Yet Open)</u></a>	<a href="#"><u>John Bongiorno</u></a>	<a href="#"><u>(610) 996-6719</u></a>
	<a href="#"><u>Pittsburgh, PA (Shadyside) (Outlet Not Yet Open)</u></a>	<a href="#"><u>John Bongiorno</u></a>	<a href="#"><u>(610) 996-6719</u></a>
	<a href="#"><u>Pittsburgh, PA (South Hills) (Outlet Not Yet Open)</u></a>	<a href="#"><u>John Bongiorno</u></a>	<a href="#"><u>(610) 996-6719</u></a>
	<a href="#"><u>Stroudsburg, PA (Outlet Not Yet Open)</u></a>	<a href="#"><u>Nicole Ryerson, John Ryerson, &amp; Jean-Michel Mechin</u></a>	<a href="#"><u>(610) 417-5211</u></a>
	<a href="#"><u>251 Mundy Street, Suite 102 Wilkes-Barre, PA 18702 (Outlet Not Yet Open)</u></a>	<a href="#"><u>PLAYA BOWLS WILKES-BARRE, LLC Michael L. Bergen &amp; Michael R. Bergen</u></a>	<a href="#"><u>(215) 760-6080</u></a>
	<a href="#"><u>Wyomissing, PA (Outlet Not Yet Open)</u></a>	<a href="#"><u>WideOpen LLC Nicole Ryerson, John Ryerson &amp; Jean- Michel Mechin</u></a>	<a href="#"><u>(610) 417-5211</u></a>
	<a href="#"><u>East Greenwich, RI (Outlet Not Yet Open)</u></a>	<a href="#"><u>PB PVD-2, LLC Erik Hamel, Michael Walsh &amp; Patrick McCue</u></a>	<a href="#"><u>(401) 497-4850</u></a>
	<a href="#"><u>Lincoln, RI (Outlet Not Yet Open)</u></a>	<a href="#"><u>PB PVD-1, LLC Erik Hamel, Michael Walsh &amp; Patrick McCue</u></a>	<a href="#"><u>(401) 497-4850</u></a>
	<a href="#"><u>Providence, RI (Outlet Not Yet Open)</u></a>	<a href="#"><u>PB PVD, LLC Erik Hamel, Michael Walsh &amp; Patrick McCue</u></a>	<a href="#"><u>(401) 497-4850</u></a>
<a href="#"><u>SC</u></a>	<a href="#"><u>Greenville, SC (Outlet Not Yet Open)</u></a>	<a href="#"><u>PB UPSTATE SC, LLC</u></a>	<a href="#"><u>(803) 404-1001</u></a>



	<u>Summerville, SC</u> <u>(Outlet Not Yet Open)</u>	<u>Shannon McAloon &amp; Bill Merkler</u>	<u>(732) 927-0667</u>
<u>TN</u>	<u>5291 Airline Road, Suite 4,</u> <u>Arlington, TN 38002</u>	<u>Amy Elizabeth Lupo</u>	<u>(901) 277-7562</u>
	<u>Collierville, TN</u> <u>(Outlet Not Yet Open)</u>	<u>Amy Elizabeth Lupo</u>	<u>(901) 277-7562</u>
	<u>706 South Mendenhall Road</u> <u>Memphis, 38117</u>	<u>Amy Elizabeth Lupo</u>	<u>(901) 277-7562</u>
<u>TX</u>	<u>Austin, TX #1</u> <u>(Outlet Not Yet Open)</u>	<u>TRIPE P VENTURES, LLC</u> <u>Marc R. Pollak</u>	<u>(512) 350-8466</u>
	<u>Austin, TX #2</u> <u>(Outlet Not Yet Open)</u>	<u>TRIPE P VENTURES, LLC</u> <u>Marc R. Pollak</u>	<u>(512) 350-8466</u>
	<u>Austin, TX #3</u> <u>(Outlet Not Yet Open)</u>	<u>TRIPE P VENTURES, LLC</u> <u>Marc R. Pollak</u>	<u>(512) 350-8466</u>
<u>VA</u>	<u>2055 15<sup>th</sup> Street N</u> <u>Arlington, VA 22201</u> <u>(Outlet Not Yet Open)</u>	<u>David Eynon &amp; Jeffrey Giuliani</u>	<u>(303) 946-2053</u>
	<u>Ashburn, VA</u> <u>(Outlet Not Yet Open)</u>	<u>David Eynon &amp; Jeffrey Giuliani</u>	<u>(303) 946-2053</u>
	<u>Charlottesville, VA</u> <u>(Outlet Not Yet Open)</u>	<u>Blue World LLC</u> <u>Christina Thanh Hoe &amp; Chuelmin Lim</u>	<u>(571) 263-8949</u>
	<u>McLean, VA</u> <u>(Outlet Not Yet Open)</u>	<u>David Eynon &amp; Jeffrey Giuliani</u>	<u>(303) 946-2053</u>
	<u>Richmond, VA</u> <u>(Outlet Not Yet Open)</u>	<u>Blue World LLC</u> <u>Christina Thanh Hoe &amp; Chuelmin Lim</u>	<u>(571) 263-8949</u>
	<u>Roanoke, VA</u> <u>(Outlet Not Yet Open)</u>	<u>Campbell Bowls LLC</u>	<u>(704) 941-1826</u>
<u>W.A</u> <u>D.C</u>	<u>Washington, D.C. (Georgetown)</u> <u>(Outlet Not Yet Open)</u>	<u>David Eynon &amp; Jeffrey Giuliani</u>	<u>(303) 946-2053</u>
	<u>Washington, D.C. (Navy Yards)</u> <u>(Outlet Not Yet Open)</u>	<u>JDACAI Navy Yards LLC</u> <u>David Eynon &amp; Jeffrey Giuliani</u>	<u>(303) 946-2053</u>

\*\*\* Franchisee signed a Multi-Unit Development Agreement.





FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT H**  
LIST OF FRANCHISEES  
THAT HAVE LEFT THE SYSTEM

<b>FRANCHISEES THAT HAVE LEFT THE SYSTEM (January 1, 2023 to December 31, 2023)</b>			
<b>State</b>	<b>Business Location</b>	<b>Franchisee</b>	<b>Contact Information</b>
<u>GA</u>	<u>5070 Peachtree Blvd, Unit B105</u> <u>Chamblee, GA 30341-2870</u> <u>(Transferred to New Franchisee)</u>	<u>PB GEORGIA LLC</u> <u>Jonathan &amp; Kacy McCall</u>	<u>(770) 910-4669</u>
<u>IL</u>	<u>Chicago, IL</u> <u>(Outlet Never Opened)</u>	<u>CHICAGO BOWLS 1 LLC</u> <u>Anthony Baffes</u>	<u>(708) 945-9454</u>
<u>NY</u>	<u>Long Beach, NY</u> <u>(Outlet Never Opened)</u>	<u>HAPPEL PB LLC</u> <u>Matthew Happel</u>	<u>(201) 213-0679</u>
<u>PA</u>	<u>22 North Main Street</u> <u>Doylestown, PA 18901-4341</u> <u>(Ceased Operations for Other Reasons)</u>	<u>DEEZ BOWLS LLC</u>	<u>(267) 374-3194</u>
<u>VA</u>	<u>Williamsburg, VA</u> <u>(Outlet Never Opened)</u>	<u>James J. Golini</u>	<u>(609) 491-6473</u>



FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT I**  
STATE SPECIFIC ADDENDA

**California FDD Amendment**  
Amendments to the Playa Bowls  
Franchise Disclosure Document

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

1. Item 17 “Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship,” is supplemented by the addition of the following:

A. 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.

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not 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 such association or exchange.

C. California Business and Professions Code Sections 20000 through 20043 establish the rights of 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.

D. 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.*).

E. 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.

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

11. OUR WEBSITE. F. The Franchise Agreement requires binding arbitration. The arbitration will occur in the State of New Jersey with the costs being borne by the franchisee and franchisor.

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.

G. The Franchise Agreement requires application of the laws of the State of New Jersey. This provision may not be enforceable under California law.

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.



3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. Item 6 “Other Fees,” is supplemented by the addition of the following statement: “The highest interest rate allowed by law in the State of California is 10%.”

6. The following URL address is for the franchisor’s website: [www.playabowls.com](http://www.playabowls.com).

OUR WEBSITE 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 INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT  
AND AREA DEVELOPMENT AGREEMENT**

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

No ~~disclaimer statement~~, questionnaire, ~~clause~~ or ~~statement acknowledgement~~ signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall ~~be construed or interpreted as have the effect of:~~ (i) waiving any ~~claim of~~ claims under any applicable state franchise law, including fraud in the inducement, ~~whether common law or statutory, or as~~ (ii) disclaiming reliance on ~~or the right to rely upon~~ any statement made or information provided by any franchisor, ~~broker franchise seller~~, or other person acting on behalf of the franchisor ~~that was a material inducement to a franchisee’s investment.~~ This provision supersedes any other ~~or inconsistent~~ term of any document executed in connection with the franchise.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of \_\_\_\_\_,

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:



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

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

**ADDENDUM TO THE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF CONNECTICUT**

**Connecticut FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

1. Item 3 “Litigation,” is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a

violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

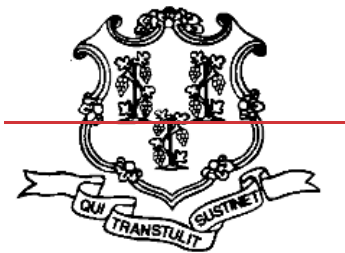
2. Item 4 “Bankruptcy.” is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract be ~~caneeled~~cancelled.

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#### DISCLOSURES REQUIRED BY CONNECTICUT LAW



The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by Playa Bowls Franchisor, LLC, a registered business in the State of Connecticut.

Disclosure Document is dated: April 28, 2023, 2024

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.

### Hawaii FDD Amendment Amendments to the Playa Bowls Franchise Disclosure Document

Exhibit K "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "K") is supplemented to add the following:

1. THIS FRANCHISE 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.

2. 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 BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, ~~FRANCHISE AGREEMENT, AND MULTI-UNIT DEVELOPMENT~~ TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT ~~ADDENDUM~~ AND 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.

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.

**Illinois FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

**DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the ~~agreements between the parties to this franchise~~Franchise Agreement.

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

Franchisee's rights upon Termination and Non-Renewal are set forth in ~~sections~~Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

~~The parties hereto have duly executed, sealed and delivered this Addendum dated this day of~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

**PRINCIPALS:**

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

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

**ADDENDUM REQUIRED BY THE STATE OF INDIANA**

**Indiana FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

1. ~~To be added to Item 38, "Restrictions on Sources of Products and Services," is supplemented by the addition of the Disclosure Document, is the following statement:~~

~~There are presently no arbitration proceedings to which the Franchisor is a party.~~

2. ~~Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.~~

3. ~~Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).~~

4. ~~Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 19 of the Franchise Agreement and Article 19 of the Multi-Unit Development Agreement.~~

5. ~~Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.~~

~~The parties hereto have duly executed, sealed and delivered this Addendum dated this day of~~

~~FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_~~  
~~\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC~~

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

**PRINCIPALS:**

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

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



|

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND**

— This will serve as the State Addendum for the State of Maryland for Playa Bowls Franchisor LLC's Franchise Disclosure Document.

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. ~~The~~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. ~~required as a condition of renewal, sale, and/or assignment/transfer~~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. ~~not apply to~~ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any liability cause of action under the Maryland Franchise Registration and 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.

B. ~~A Franchisee may bring a lawsuit in Maryland for claims arising under or the Maryland~~Indiana Deceptive Franchise Practices Act.

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Registration

**Maryland FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**



Item 17, “Renewal, Termination, Transfer and ~~Disclosure Law~~ Dispute Resolution,” is supplemented, by the addition of the following:

~~C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.~~

~~D. The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).~~

E. The Franchise Agreement and Multi-Unit Development Agreement provide that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

— In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Playa Bowls Franchisor LLC’s Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the Playa Bowls Franchisor LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

— 1. — The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

— 2. —

A. 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.

— 3. — ~~Section 19 in the Franchise Agreement and Multi-Unit Development Agreement are amended to state: A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.~~

— 4. — Article 18.I. of the Franchise Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

~~A general release required as a condition of renewal, sale and/or assignment or transfer of a~~ \_\_\_\_\_



D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall not apply to have the effect of: (i) waiving any liability under the Maryland Franchise Registration and Disclosure Law 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.

~~5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.~~

**ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

~~This will serve as the State Addendum for the State of Maryland for Playa Bowls Franchisor LLC's Multi-Unit Development Agreement. The amendments to the Multi-Unit Development Agreement included in this addendum have been agreed to by the parties.~~

~~1. The Multi-Unit Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.~~

~~2. 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.~~

~~3. Section 19 in the Franchise Agreement and Multi-Unit Development Agreement are amended to state: A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.~~

~~4. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:~~

~~Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.~~

~~A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~5. 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.~~

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

**Michigan FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

1.

[SIGNATURE PAGE TO FOLLOW]

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of

\_\_\_\_\_.

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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

### DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

—THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

—(a)—A. A prohibition ~~on the of your~~ right ~~of a franchisee~~ to join an association of ~~franchises~~franchisees.

—(b)—B. A requirement that ~~a franchisee~~you assent to a release, assignment, novation, waiver or estoppel ~~which that~~ deprives ~~a franchisee~~you of rights and protections provided in this act. This shall not preclude ~~a franchisee~~you, after entering into a Franchise Agreement, from settling any and all claims.

—(c)—C. A provision that permits ~~a franchisor~~ to terminate a franchise ~~prior to before~~ the expiration of ~~its this~~ term except for good cause. Good cause shall include ~~theyour~~ failure ~~of the franchisee~~ to comply with any lawful provision of the Franchise Agreement and to cure ~~such the~~ failure after being given written notice ~~thereof of the failure~~ and a reasonable opportunity, which in no event need be more than 30 days, to cure ~~such the~~ failure.

—(d)—D. A provision that permits ~~a franchisor~~ to refuse to renew a franchise without fairly compensating ~~the franchisee~~you by repurchase or other means for the fair market value at the time of expiration of ~~the franchisee's your~~ inventory, supplies, equipment, fixtures and furnishings. Personalized materials ~~which that~~ 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) (a)~~ the term of the franchise is less than five years, and ~~(ii) the franchisee is (b) you are~~ prohibited by the ~~franchise~~Franchise Agreement 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 you do~~ not receive at least six ~~months' months~~ advance notice of ~~franchisor's our~~ intent not to renew the franchise.

—(e)—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)—F. A provision requiring that ~~arbitration or~~ litigation be conducted outside this state. This shall not preclude ~~the franchisee~~you from entering into an agreement, at the time of ~~arbitration~~litigation, to conduct ~~arbitration~~litigation at a location outside this state.

—(g)—G. A provision ~~which that~~ permits ~~a franchisor~~ to refuse to permit a transfer of ownership of a franchise, except for good cause. ~~This The~~ 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)—~~Failure. The failure~~ of the proposed transferee to meet ~~the franchisor's our~~ then current reasonable qualifications or standards.



\_\_\_\_\_(ii)\_\_\_\_\_. The fact that the proposed transferee is ~~a our or Sub-franchisor's competitor of the franchisor or subfranchisor.~~

\_\_\_\_\_(iii)\_\_\_\_\_. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

\_\_\_\_\_(iv)\_\_\_\_\_. ~~The failure of the franchisee~~ Your or proposed ~~transferee-transferee's failure~~ to pay us any sums ~~owing to the franchisor~~ or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

\_\_\_\_\_(h)\_\_\_\_\_. ~~H. A provision that requires the franchisee you to resell to the franchisor us items that are not uniquely identified with the franchisor us. This subdivision does not prohibit a provision that grants to a franchisor us 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 us 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 (e) Item 17(g).~~

\_\_\_\_\_(i)\_\_\_\_\_. ~~I. A provision which that permits the franchisor us to directly or indirectly convey, assign or otherwise transfer its our obligations to fulfill contractual obligations to the franchisee you unless a provision has been made for providing the required contractual services.~~

\_\_\_\_\_. ~~2. If our most recent financial statements are unaudited and show a net worth of less than \$100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.~~

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

\_\_\_\_\_. ~~If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.~~

\_\_\_\_\_. 4. Any questions regarding this notice should be directed to:

\_\_\_\_\_. State of Michigan, Consumer Protection Division

\_\_\_\_\_. Attn: Katharyn Barron

\_\_\_\_\_. Attention: Franchise Bureau, 670 Law Building, Michigan Department of Attorney General

\_\_\_\_\_. 525 W. Ottawa Street, 1<sup>st</sup> Floor

\_\_\_\_\_. Lansing, MI 48913; telephone number Michigan 48933

\_\_\_\_\_. (517) 335-7567 373-3800.

Minnesota FDD Amendment  
Amendments to the Playa Bowls  
Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. 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.

2. 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 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, 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.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees", Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

B. Item 13, "Trademarks", Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. [Stat. Sec.](#)

### ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

— This addendum to the Disclosure Document is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows:

— 1. — Item 13 of the Disclosure Document and Article 9 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

— 2. — Item 17 of the Disclosure Document, Articles 3 and , “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 of the Franchise Agreement and Article 9 of the Multi-Unit Development Agreement are amendedis supplemented by the addition of the following language to the original language that appears therein:

“: With respect to franchises governed by Minnesota law, ~~the franchisor~~we will comply with Minnesota StatutesMinn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require ~~(, except in certain specified cases),~~ that a franchiseeyou be given 90 days’days- notice of termination (with 60 days to cure) and 180 days’ days- notice forof non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”Agreement.

D. Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. — 3. — Item 17 of the Disclosure Document, Article 19 of the Franchise Agreement and Article 19 of the Multi-Unit Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. §~~See~~ 80C.21 and Minn. Rule 2860.4400(J)4400J prohibit ~~the franchisor~~us 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 agreementsFranchise Agreement can abrogate or reduce any of the franchisee’syour rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’syour rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”.



4. Item 17 of the Disclosure Document, Articles 3 and 14 of the Franchise Agreement and Article 11 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Article 19.10 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 19 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. 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.

**New York FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

~~Stat. §80C.17, Subd. 5.~~

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement are hereby amended accordingly.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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



**ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT ~~GA~~ OR YOUR PUBLIC LIBRARY FOR ~~SOURCES OF SERVICES OR~~ INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ~~THAT~~ ANYTHING IN ~~THE~~ THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NEW YORK~~ THE APPROPRIATE STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK, 10005 OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR ~~CANNOT~~ CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS ~~WHICH~~ THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

~~Except as provided above, with regard~~ With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.



3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for a 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 ArticlesSections 687-(4) and 687-(5) be satisfied.

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

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

[SIGNATURE PAGE TO FOLLOW]

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of

\_\_\_\_\_.

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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

### **ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA**

— This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement effectively amends and revises said documents as follows:

— 1. — Item 17(c) of the Disclosure Document and Articles 3 and 14 of the Franchise Agreement and Article 11 of the Multi-Unit Development Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

— 2. — Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Article 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 10 of the Franchise Agreement and Article 12 of the Multi-Unit Development Agreement are amended accordingly.

— 3. — Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement requires the 6. Franchise Questionnaires and Acknowledgements -- No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

#### **North Dakota FDD Amendment**

Amendments to the Playa Bowls  
Franchise Disclosure Document

1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

No consent to termination or liquidated damages. Since shall be required from franchisees in the Commissioner State of North Dakota.

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



A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined this to be unfair, unjust and inequitable within the intent of ArticleSection 51-19-09 of the North Dakota Franchise Investment Law.

B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u)C. Covenants restricting competition contrary to Section 9-08-06 of the Disclosure Document, Article 19 of North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

D. Any provision in the Franchise Agreement and Article 19 of the Multi-Unit Development Agreement are amended to provide that requiring a franchisee to agree to the arbitration shall be heldor mediation of disputes at a sitelocation that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

5. Item 17(v) of the Disclosure Document and the provisions of Article 19 of E. Any provision in the Franchise Agreement and Article 19 of the Multi-Unit Development Agreement which requiredesignates jurisdiction of courts in Monmouth County, New Jersey, are deleted.

6. Item 17(w) of the Disclosure Document, Article 19 of the Franchise Agreement and Article 19 of the Multi-Unit Development Agreement are amendedor venue or requires the franchisee to indicate that the agreements areagree to be construed according to the laws of the Statejurisdiction or venue in a forum outside of North Dakota- is void with respect to any cause of action which is otherwise enforceable in North Dakota.

7. F. Apart from civil liability as set forth in ArticleSection 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required and it is unfair to franchise investors to require them to waive their rights under North Dakota lawLaw.

8. The provisions of Article 19 of G. Any provision in the Franchise Agreement and Article 19 ofrequiring that the Multi-Unit DevelopmentFranchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Articlebe construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

~~9. The provisions of Article 19 of the H. Any provision in the Franchise Agreement and Article 19 of the Multi-Unit Development Agreement which require which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~No statement, questionnaire or acknowledgement signed or agreed to by a franchisee to consent to a limitation of in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims are hereby amended to state that the statute of limitations under North Dakota any applicable state franchise law applies, 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.~~

[SIGNATURE PAGE TO FOLLOW]

~~The parties hereto have duly executed, sealed and delivered this Addendum dated this day of~~

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

**Rhode Island FDD Amendment**  
Amendments to the Playa Bowls  
Franchise Disclosure Document

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

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

~~The parties hereto have duly executed, sealed~~

**Virginia FDD Amendment**  
Amendments to the Playa Bowls  
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer ~~and~~ delivered this Addendum dated this day of \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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



**ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

— In recognition of the restrictions contained in Article 13.1-564 of Dispute Resolution,” Item 17(h) is supplemented by the addition of Virginia Retail Franchising Act, the Franchise Disclosure Document for Playa Bowls Franchisor LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

~~Pursuant to Article 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~~Playa Bowls Franchise Agreement ~~and development agreement does~~do not constitute “reasonable cause,” as that ~~the~~ term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, ~~thethat~~ provision may not be enforceable.

~~Pursuant to Article 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 him under the franchise, that provision may not be enforceable.~~

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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





**ADDENDUM TO THE FRANCHISE AGREEMENT AND MULTI-UNIT  
DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

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.

**Washington FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

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In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

-  
RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

-  
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.

-  
A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

- Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

-  
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).  
~~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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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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.

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.

**Wisconsin FDD Amendment**  
**Amendments to the Playa Bowls**  
**Franchise Disclosure Document**

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

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.



STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT  
AND, IF APPLICABLE, MULTI-UNIT DEVELOPMENT AGREEMENT

**CALIFORNIA FRANCHISE AGREEMENT AMENDMENT**

Amendments to the Playa Bowls Franchise Agreement

1. 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the Playa Bowls Franchisor LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor:** Playa Bowls Franchisor LLC    **Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

**HAWAII FRANCHISE AGREEMENT AMENDMENT**

Amendments to the Playa Bowls Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the Playa Bowls Franchisor LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled "Conditions for Approval of Transfer," is supplemented by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled "Conditions for Renewal," is supplemented by the addition of the following:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

4. 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.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the Playa Bowls Franchisor LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor:** Playa Bowls Franchisor LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

## **ILLINOIS FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT**

### **Amendments to the Playa Bowls Franchise Agreement**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the Playa Bowls Franchisor LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the Playa Bowls Franchisor LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Article 18.F. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.5 of the Development Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement and Article 7.5 of the Development Agreement:

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

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.

Franchisee’s rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

2. Article 18.G. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

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

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.

Franchisee’s rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

4. 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Playa Bowls Franchisor LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Playa Bowls Franchisor LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated



## MARYLAND FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the Playa Bowls Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Playa Bowls Franchisor LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the Playa Bowls Franchisor LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. 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.

3. Article 18.G. of the Franchise Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction,” shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Article 18.I. of the Franchise Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

5. 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.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

7. 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.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Playa Bowls Franchisor LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Playa Bowls Franchisor LLC

**Franchisee:**

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

**MINNESOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT**

Amendments to the Playa Bowls Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C, and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Playa Bowls Franchisor LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the Playa Bowls Franchisor LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Article 15.B of the Franchise Agreement, under the heading “Conditions for Renewal,” sub article 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading “Notification of Infringement and Claims,” the subarticle 11.C. shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee’s use of the Marks when, in the opinion of Franchisor’s counsel, Franchisee’s rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C. shall be supplemented by the addition of the following:

Franchisor shall not unreasonably withhold consent to transfer the Franchise Agreement.

5. Under Article 16 of the Franchise Agreement, under the heading “Defaults and Automatic Termination Upon Written Notice Without Cure Period,” the subarticle 16.A.(2). shall be supplemented by the addition of the following:

Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading “Defaults and Automatic Termination After 30 Day Cure Period,” the subarticle 16.A.(4)(f), shall be supplemented by the addition of the following:

Subarticle 16.A.(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both subarticles 16.A.(2) and 16.A.(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 18.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.F.:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.10 of the Development Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement and Article 7.10 of the Development Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.8 of the Development Agreement, under the heading “Limitations of Claims,” shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement and if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

14. 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Playa Bowls Franchisor LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Playa Bowls Franchisor LLC

**Franchisee:**

Playa Bowls FDD April 8, 2024

Signature

Name and Title (please print)

Dated

Signature

Name (please print)

Dated

## NEW YORK FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the Playa Bowls Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Playa Bowls Franchisor LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the Playa Bowls Franchisor LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Under Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Playa Bowls Franchisor LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Playa Bowls Franchisor LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

6. 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.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Playa Bowls Franchisor LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** Playa Bowls Franchisor LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

## **NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT**

### **Amendments to the Playa Bowls Franchise Agreement**

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached Playa Bowls Franchisor LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Playa Bowls Shop outlet will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota.”

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring North Dakota franchisees to consent to termination or liquidated damages are not enforceable in North Dakota.”

3. Articles 6 of the Franchise Agreement are hereby amended by the addition of the following language: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.”

5. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “for North Dakota franchisees, North Dakota law shall apply.”

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.”

9. 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.

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



IN WITNESS WHEREOF, the parties have duly executed and delivered this North Dakota amendment to the Playa Bowls Franchisor LLC Franchise Agreement a on the same date as the Franchise Agreement was executed.

**Franchisor:** Playa Bowls Franchisor LLC **Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

## WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT

### Amendments to the Playa Bowls Franchise Agreement

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

~~In Attachment 7 (Franchise Acknowledgment Statement) to the Franchise Agreement, acknowledgment statement 5 is hereby amended to remove the words "or relied upon" and acknowledgment statement 12 is hereby deleted in its entirety.~~

~~Section 21.4 of the Multi-Unit Development Agreement is hereby deleted in its entirety.~~

~~Attachment 1 (Certification by Multi-Unit Developer) to the Multi-Unit Development Agreement is hereby amended by deleting the following statement from the first sentence thereof:~~

~~“; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated “Playa Bowls” Shops, except as may be included in Item 19 of the Franchise Disclosure Document heretofore provided to Multi-Unit Developer.”~~

~~The 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.~~

[SIGNATURE PAGE TO FOLLOW]

~~IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this day of \_\_\_\_\_.~~

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_  
PLAYA BOWLS FRANCHISOR Washington  
State amendment to the Playa Bowls Franchisor LLC Franchise Agreement a on the same date as the Franchise Agreement was executed.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

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

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

**Franchisor:** Playa Bowls Franchisor LLC

**Franchisee:**



**Exhibit G to the  
Playa Bowls Franchise Disclosure  
Document**

LIST OF STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS  
Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated



**LIST OF**



## STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State

State Agency  
FRANCHISE DISCLOSURE  
DOCUMENT  
EXHIBIT J  
STATE EFFECTIVE DATES

Agent for Service of Process

Deleted Cells



CALIFORNIA	Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013  2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677	Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013  2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677
CONNECTICUT	<del>Connecticut</del> Banking Commissioner Department of Banking Securities & Business Investment Division 260 Constitutional Plaza Hartford, CT 06103	Banking Commissioner Department of Banking Securities & Business Investment Division 260 Constitutional Plaza Hartford, CT 06103
FLORIDA	<del>Division of Consumer Services</del> <del>Attn: Business Opportunities</del> 2005 Apalachee Parkway Tallahassee, FL 32399	
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Office of Attorney General <del>Franchise Bureau</del> 500 South Second Street Springfield, IL 62706 (217) 782-4465	<del>Illinois</del> Attorney General
INDIANA	<del>Indiana Secretary of State</del> <del>Indiana Securities Division</del> Franchise Section 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	<del>Office of the Attorney General</del> <del>Division of Securities</del> 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

MICHIGAN	Michigan Department of Attorney-General <del>Consumer Protection Division</del> Antitrust and Franchise Unit <del>670 Law Building</del> <del>P.O. Box 30213</del> Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce <del>Securities Division</del> 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce of Minnesota Department of Commerce
NEW YORK	<del>NYS Department of Law</del> <del>Investor Protection Bureau</del> <del>28 Liberty Street, 21st Floor</del> New York, NY 10005 (212) 416-8222	<del>Attention: New York Secretary of State</del> <del>New York Department of State</del> One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	Office of Securities Commissioner 600 East Boulevard, 5th Floor Department 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Department 600 East Boulevard Avenue, 5th Floor Department 414 Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903 (401) 462-9585	Director of Department of Business Regulation
SOUTH DAKOTA	Franchise Office Division of Securities 910 E. Sioux Avenue Pierre, SD 57501 (605) 773-3563	Director, Division of Securities Department of Commerce & Regulation 445 East Capitol Avenue Pierre, SD 57501
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8700	Securities Administrator Washington Department of Financial Institutions 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Franchise Office Wisconsin Securities Commission Madison, WI 53701 (608) 266-8559	Wisconsin Commissioner of Securities 345 W Washington Avenue Madison, WI 53703



**Exhibit H to the  
Playa Bowls Franchise Disclosure Document**

FORM OF GENERAL RELEASE





## **FORM OF GENERAL RELEASE**

THIS AGREEMENT ("Agreement") is made and entered into this day of \_\_\_\_\_, by and between Playa Bowls Franchisor LLC, a New Jersey limited liability company having its principal address at 803 Ocean Avenue, Belmar, New Jersey 07719 (the "Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ with a principal address at \_\_\_\_\_ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

### **1. Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.



~~4. New Jersey law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.~~

~~5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New Jersey.~~

~~6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.~~

~~[The following additional language should be used with Washington franchisees]~~

~~*This*~~

~~GENERAL RELEASE~~ is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve RELEASOR, directly or indirectly, from liability imposed by the Washington Franchise Investment Protection Act.

\_\_\_\_\_ The parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

\_\_\_\_\_ RELEASOR:  
  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (Name)

\_\_\_\_\_ PLAYA BOWLS FRANCHISOR LLC:  
  
\_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_ Name: \_\_\_\_\_  
\_\_\_\_\_ Title: \_\_\_\_\_

### **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:

<u>Effective Dates</u>	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.





**Exhibit I to the  
Playa Bowls Franchise Disclosure Document**

FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT K**  
RECEIPTS





~~Playa Bowls Franchisor, LLC~~  
**RECEIPT**

Playa Bowls Franchisor LLC

RECEIPT

This ~~Franchise~~ Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this ~~Franchise~~ Disclosure Document and all ~~exhibits~~the agreements carefully.

If Playa Bowls Franchisor LLC offers you a franchise, ~~it~~we must provide this Disclosure Document to you 14 calendar ~~days~~ before you sign a binding agreement with, or make a payment to, ~~the franchisor~~us or an affiliate ~~of ours~~ in connection with the proposed franchise sale~~;~~ or sooner if required by applicable law.

Applicable state laws in New York requires and Rhode Island require that we give you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other ~~agreement~~agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you to receive this disclosure document~~Disclosure Document~~ at least 10 business days before the ~~execution~~signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Playa Bowls Franchisor LLC does not deliver this Disclosure Document on time ~~or of~~ 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 to your state authority listed on Exhibit G.~~ 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 28, 2023, 2024

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
<u>Robert Giuliani</u> <del>Dan Harmon</del>	<u>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</u>	<u>(732) 257-8604</u>
<u>Abby Taylor</u> <del>Jayson Tipp</del>	<u>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</u>	<u>(732) 257-8604</u>
<u>Gary Moss</u> <del>Kayla Stacy</del>	<u>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</u>	<u>(732) 257-8604</u> <del>859-8174</del>
<u>Danielle Mendoza</u>	<u>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</u>	<u>(732) 257-8604</u>
<u>Corey Bowman</u>	<u>7086 Corporate Way, Dayton, Ohio 45459</u>	<u>(208) 818-8026</u>

I received a Disclosure Document issued on April 28, 2023, 2024, that included the following exhibits:

<u>A. Financial Statements</u> <del>A. List of State Administrators</del>	<u>G. List of Franchisees</u>
<u>B. Franchise Agreement with Attachments</u>	
<u>C. Multi-Unit Development Agreement with Attachments</u>	

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<del>B. List of Agents for Service of Process</del>	<del>DH. List of Franchisees and Franchisees Who Have Left the System</del>
<del>E-C. Operations Manual Table of Contents of Operations Manual</del>	<del>I. State Specific Addenda</del>
<del>D. Financial Statements</del>	<del>EJ. State Specific AddendaEffective Dates</del>
<del>G. List of State Administrators and Agents for Service of Process</del>	
<del>H. Form of General Release</del>	
<del>E. Franchise Agreement</del>	<del>HK. Receipts</del>
<del>F. Multi-Unit Development Agreement</del>	

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<b>Date</b>	<b>Print Name</b>	<b>Signature</b>

<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Date</b>	<b>Print Name</b>	<b>Signature</b>

<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Date</b>	<b>Print Name</b>	<b>Signature</b>

Please sign this copy of the receipt, date your signature, and return it to Playa Bowls Franchisor, LLC, 197 State Route 18, Suite 202N, East Brunswick803 Ocean Avenue, Belmar, New Jersey 0881607719.



Playa Bowls Franchisor, LLC  
**RECEIPT**

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~~listed on Exhibit G.~~ 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 28, 20238, 2024

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
<del>Robert Giuliani</del> <u>Dan Harmon</u>	<del>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</del>	(732) 257-8604
<del>Abby Taylor</del> <u>Jayson Tipp</u>	<del>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</del>	(732) 257-8604
<del>Gary Moss</del> <u>Kayla Stacy</u>	<del>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</del>	(732) <del>257-8604</del> <u>859-8174</u>
Danielle Mendoza	<del>197 State Route 18, Suite 202N, East Brunswick, NJ 08816803 Ocean Avenue, Belmar, New Jersey 07719</del>	(732) 257-8604
Corey Bowman	<del>7086 Corporate Way, Dayton, Ohio 45459</del>	<del>(208) 818-8026</del>

I received a Disclosure Document issued on April 28, 20238, 2024, that included the following exhibits:

<del>A. Financial Statements</del> <u>A. List of State Administrators</u>	<del>G. List of Franchisees</del>
<del>B. Franchise Agreement with Attachments</del>	
<del>C. Multi-Unit Development Agreement with Attachments</del>	
<del>B. List of Agents for Service of Process</del>	<del>DH. List of Franchisees and Franchisees Who Have Left the System</del>
<del>E-C. Operations Manual</del> Table of Contents of <del>Operations Manual</del>	<del>I. State Specific Addenda</del>
<del>D. Financial Statements</del>	<del>FJ. State Specific Addenda</del> <u>Effective Dates</u>
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<del>E. Franchise Agreement</del>	<del>IK. Receipts</del>
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<u>Date</u>	<u>Print Name</u>	<u>Signature</u>

<u>Date</u>	<u>Print Name</u>	<u>Signature</u>

Please sign this copy of the receipt, date your signature, and return it to Playa Bowls Franchisor, LLC, ~~197 State Route 18, Suite 202N, East Brunswick~~803 Ocean Avenue, Belmar, New Jersey 08816-07719.