



FRANCHISE DISCLOSURE DOCUMENT

Sky Zone Franchise Group, LLC

A Missouri limited liability company

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Provo, Utah 84601

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The franchisee will operate a Sky Zone Indoor Trampoline Park featuring trampoline attractions to be used for sports, fitness, and recreational activities, and other active entertainment attractions.

The total investment necessary to begin operation of a Sky Zone Indoor Trampoline Park is ~~\$1,567,500~~\$2,178,000 to ~~\$4,029,500~~\$4,722,500 depending on the size of the park (parks may range in size from ~~15,000 to 40,000~~16,000 to 50,000 square feet). This includes ~~\$550,000~~\$530,393 to ~~\$1,450,000~~\$978,367 that must be paid to the franchisor or affiliate. The total investment necessary to rebrand an existing trampoline park from one of our affiliated brands and begin operation of a Sky Zone Indoor Trampoline Park is \$141,750 and \$428,250. This includes \$29,000 to \$99,500 that must be paid to the franchisor or affiliate. If you acquire rights under a Multi-Unit Development Agreement, the total investment necessary to begin operation of the first Sky Zone Indoor Trampoline Park with rights to establish two additional Parks is ~~\$1,669,600~~\$2,381,700 to ~~\$2,222,100~~\$3,925,100. This includes ~~\$630,000~~\$630,393 to \$800,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mike Revak, ~~Senior Vice President—Franchise and Business Development~~, Sky Zone Franchise Group, LLC, at ~~5875 Arnold Road, Dublin, California 94568, 310-734-0300~~86 N. University Avenue, Suite 350, Provo, Utah 84601, 385-482-1020.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document to understand your contract. Read your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 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 4, 2023, as amended March 5¹², 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Sky Zone business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Sky Zone franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Multi-Unit Development Agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Missouri. 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 Missouri than in your own state.

2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate the business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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 prohibition on the right of a franchise 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 and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. The 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 the 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 at a location outside this state.
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(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.

* * * *

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

* * * *

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisor must, at the request of the franchisee, arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations 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.

Any questions regarding the notice should be directed to the Department of the Attorney General, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa, Lansing, MI 48913 (517-335-7567).

NOTE: NOTWITHSTANDING SECTION (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT SECTION (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

**SKY ZONE FRANCHISE GROUP, LLC
FRANCHISE DISCLOSURE DOCUMENT**

TABLE OF CONTENTS

ITEM	NAME	PAGE
Item 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
Item 2	BUSINESS EXPERIENCE.....	4
Item 3	LITIGATION	5 <u>6</u>
Item 4	BANKRUPTCY	7
Item 5	INITIAL FEES	7
Item 6	OTHER FEES.....	8
Item 7	ESTIMATED INITIAL INVESTMENT	14
Item 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	25 <u>22</u>
Item 9	FRANCHISEE’S OBLIGATIONS	29 <u>27</u>
Item 10	FINANCING	31 <u>28</u>
Item 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	31 <u>29</u>
Item 12	TERRITORY.....	39 <u>38</u>
Item 13	TRADEMARKS.....	41 <u>40</u>
Item 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	43 <u>41</u>
Item 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	45 <u>43</u>
Item 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	46 <u>44</u>
Item 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP.....	46 <u>44</u>
Item 18	PUBLIC FIGURES	51 <u>49</u>
Item 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	51 <u>49</u>
Item 20	OUTLETS AND FRANCHISEE INFORMATION	53
Item 21	FINANCIAL STATEMENTS.....	60 <u>63</u>
Item 22	CONTRACTS	61 <u>63</u>
Item 23	RECEIPTS.....	61 <u>64</u>

EXHIBITS:

- A. Franchise Agreement
- B. Multi-Unit Development Agreement
- C. State Law Addenda
- D. Table of Contents of Manual
- E. List of Franchisees
- F. Financial Statements
- G. List of State Agencies/Agents for Service of Process
- H. Form of Purchase Order
- I. Receipts

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document “**Franchisor**”, “**us**”, “**our**”, “**we**” or “**SFG**” means Sky Zone Franchise Group, LLC, the franchisor. “**You**” and “**your**” means the person or entity to whom we grant a franchise. If the franchise will be owned by a corporation, partnership, or limited liability company, “**you**” and “**your**” also means the owners of the corporation, partners of the partnership or members and manager of the limited liability company and their spouses.

The Franchisor

We are a limited liability company organized under the laws of Missouri on November 18, 2008. Our principal business address is ~~5875 Arnold Road, Dublin, California 94568~~ [86 N. University Avenue, Suite 350, Provo, Utah 84601](#). We do not do business under any name other than Sky Zone Franchise Group, LLC.

We offer franchises under the names “**Sky Zone**” and “**Sky Zone Indoor Trampoline Park**.” We began offering franchises in January 2009. As of December 31, ~~2022~~ [2023](#), we had a total of ~~118~~ [151](#) franchised parks open and operating within the United States. We do not operate businesses of the type that we franchise and do not engage in business activities other than franchising Sky Zone parks and providing services to our franchisees.

Our agents for service of process are disclosed in [Exhibit G](#).

Our Parent, Predecessors and Affiliates

On or around December 27, 2017, we and our former principal(s) entered a transaction that resulted in CircusTriX Holdings, LLC becoming our parent company (“**CTH**”). Its principal business address is ~~5875 Arnold Road, Dublin, California 94568~~ [86 N. University Avenue, Suite 350, Provo, Utah 84601](#). CTH is owned by Trampoline Acquisition Holdings, LLC, which is in turn owned by Trampoline Acquisition Parent Holdings, LLC, which is in turn majority-owned by Trampoline Acquisition Corp. (referred to as “**TAC**”). Each of the companies above CTH has the same principal business address as CTH, except for TAC, which has a principal business address of 1270 Avenue of the Americas, 31st Floor, New York, NY 10020. TAC is owned by Palladium Equity Partners IV LP, which has the same principal business address as TAC. None of these companies offer franchises in any line of business or provide products or services to our franchisees. We have no predecessors.

Our affiliate Sky Zone, LLC (“**Licensing**”) owns the Intellectual Property (defined below) and has granted us a worldwide license to grant franchises using the Intellectual Property. Licensing is also the only approved supplier for Attractions, JumpSocks, stickers, wristbands, and balls. Licensing has never offered franchises in any line of business. Licensing’s principal business address is ~~5875 Arnold Road, Dublin, California 94568~~ [86 N. University Avenue, Suite 350, Provo, Utah 84601](#).

Our affiliate Rockin' Jump Franchise, LLC ("RJJ") offered franchises for indoor trampoline parks and entertainment facilities under the ROCKIN' JUMP® mark from June 2014 to February 2018 and from September 2020 to March 1, 2023. As of December 31, ~~2022~~2023, RJJ had a total of ~~19~~12 franchised facilities open and operating within the United States.

Our affiliate House of Trix, LLC ("HOT") began offering franchises for indoor trampoline and entertainment facilities under the HOUSE OF TRIX® mark from October 2017 until March 2018 and under the DEFY~~TM~~ mark from October 2018 to March 1, 2023. As of December 31, ~~2022~~2023, HOT had 5 franchised

facilities and, through its affiliates, ~~49~~32 company-owned facilities, open and operating under the DEFY® mark. Defy parks ~~are~~were designed to be more extreme than Sky Zone parks and use different trade dress that is "edgier" in nature. Defy parks also tended to occupy larger premises as compared to Sky Zone parks.

As of January 1, 2023, Sky Zone Franchise Group, LLC no longer offers House of Trix, LLC ("HOT" or "DEFY") franchises.

Our affiliate Loscann Insurance Company ("Loscann") is a Cayman Islands company and a wholly-owned subsidiary of CTH formed in 2024 to provide general liability insurance coverage to franchisees under the self-insured retention component of the Master Insurance Program, effective as of September 1, 2023. Loscann has never offered franchises in any line of business.

The Business

Sky Zone Indoor Trampoline Parks offer all trampoline and walled Attractions to be used for sports, fitness and recreational activities using the System and Intellectual Property. "Attractions" mean the playing field including the trampoline, the padding, nets, and other related equipment. "Sky Zone Indoor Trampoline Park" means any facility that is operated under the System and Intellectual Property.

Our "System" includes a ~~unique~~, specially developed method of operating a Sky Zone Indoor Trampoline Park using the Intellectual Property, as well as selling other services (such as food, beverages, and parties) and products (including merchandise bearing the Marks), using certain procedures and methods, site evaluation criteria, layouts, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of a Sky Zone Indoor Trampoline Park, as they may be periodically changed, improved, modified and further developed by us or our affiliates.

"Intellectual Property" means the Marks, Patents, Copyrights and any of our trade secrets and know-how. "Marks" means the service marks, trademarks, trade dress, trade names and copyrights and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Sky Zone Indoor Trampoline Parks. The Marks include "Sky Zone," "SZ and design" and "Skyrobics". ~~"Patents" means any patents as may presently or in the future exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Sky Zone Indoor Trampoline Parks. "Copyrights" means any work entitled to copyright protection we license to you for use in connection with the operation of the Sky Zone Indoor Trampoline Parks~~

~~and for which we or our affiliates claim copyright protection. Please be advised that, as of the Issue Date of this Disclosure Document, we do not have any active patents or patent applications as disclosed more fully in Item 14.~~

You will do business under the fictitious or assumed name of “Sky Zone” or “Sky Zone Indoor Trampoline Park,” or any other name that we decide to use in the future. The Sky Zone Indoor Trampoline Park you will operate according to the terms of the Franchise Agreement is referred to as the “**Park**.” Sky Zone Indoor Trampoline Parks range in size but are typically between ~~15,000 to 40,000~~ 16,000 to 50,000 square feet and feature two (2) or more Attractions. Regardless of the number of Attractions, each Sky Zone Indoor Trampoline Park will contain party rooms and a concession area. All your employees must be thoroughly screened, including conducting background checks for crimes against minors.

This Disclosure Document describes our two franchise programs:

1. **Single Unit Franchise Program.** If we approve you as a franchisee, you must sign a Franchise Agreement, in the form attached as Exhibit A (“**Franchise Agreement**”), to operate a single Sky Zone Indoor Trampoline Park.

2. **Development Program.** If you elect to participate in, and are approved for, the Development Program, you will execute a Multi-Unit Development Agreement (the “**MUDA**”) in the form attached as Exhibit B. Under the MUDA, we will assign you a territory (“**Development Area**”) within which you must open and operate a designated number of Sky Zone Indoor Trampoline Parks (“**Businesses**”) within the specified periods of time as set forth in Attachment A to the MUDA (“**Development Schedule**”). In no event will you sign a Franchise Agreement for any Unit until we have complied with any applicable waiting periods prescribed by law. You must sign a Franchise Agreement for your first Unit at the same time you sign the MUDA, and within the times specified in the Development Schedule, you must execute a Franchise Agreement for each additional Park.

Under the Franchise Agreement and MUDA, each of your shareholders, partners, or members (and their shareholders, partners, or members if they are an entity) who has a 10% or greater interest must sign a Guarantee of your monetary obligations and all other obligations under the respective Franchise Agreement and MUDA (as applicable). Additionally, your Responsible Person (as described in Item 15 below) must execute the Guarantee.

If you currently operate a trampoline park in one of our affiliated franchise systems, Rockin’ Jump or Defy, and we approve you as a franchisee, you will be required to sign a Franchise Agreement and rebrand your trampoline park as a Sky Zone Indoor Trampoline Park. ~~Franchisees that rebrand are not required to pay us an initial franchise fee and we estimate that they will have a lower initial investment to rebrand as compared to franchisees that invest in establishing a new Park.~~

Market and Competition

The services offered by the Sky Zone Indoor Trampoline Parks are used by people of all ages and are not limited to any specific submarket. Your Park will have to compete with other recreation and entertainment facilities, including, other indoor centers featuring trampolines.

However, other franchises will likely also operate businesses providing entertainment facilities that will compete with your guest base.

Industry Regulations

There may be regulations specific to the operation of a Sky Zone Indoor Trampoline Park in your state that, among other things, require you to maintain a certain ratio between supervisory employees and the number of jumpers on the Attractions or in the party room. You must comply with all local, state, and federal health, safety, and sanitation laws and regulations.

You should consult with your attorney and local, state, and federal government agencies before investing in a Sky Zone franchise to determine all the legal requirements that you must comply with and consider their impact on you and the cost of compliance. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws as well as the federal laws including the Americans with Disabilities Act. You may also be subject to certain health and safety requirements as well as licensing requirements in teaching and supervising children. Many states and municipalities have laws and regulations regarding fitness center contracts with guests, operations and licenses. Some state and local laws may regulate the membership contracts length and terms, advertising and limitations on pre-opening sales. You may also have to obtain a bond to protect pre-paid membership fees you collect and there may be buyer's remorse cancellation rights and other types of cancellation rights. There may be laws requiring you to have an employee at your Park who is certified in basic cardiopulmonary resuscitation or on the use of an automated external defibrillator. There may be a requirement that you must have certain types of first aid equipment on the premises such as an automated external defibrillator. You should check with your local attorney for advice on complying with applicable law before you purchase a franchise and during the operation of your Park. You must investigate and satisfy and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time.

You must also comply with all Sky Zone required ASTM and other standards as they relate to regulation and safety of indoor trampoline parks. We reserve the right to require additional ASTM upgrades if such standards change.

Item 2

BUSINESS EXPERIENCE

Shawn Hassel: Chief Executive Officer, CTH

Mr. Hassel has served as Chief Executive Officer for CTH since January 2024. Before that, Mr. Hassel was Interim CEO of CTH from September 2023 to December 2023. From January 2023 to July 2023, Mr. Hassel served as Chief Financial Officer for us and CTH. Mr. Hassel has been Co-Founder and Managing Partner of Areté Holdings LLC and The Areté Group since January 2020 and has split his time between New York, New York and Park City, Utah. Since August 2015, Mr. Hassel has also been Co-Founder, Managing Partner, and Board Member of Bestige Holdings, LLC in Park City, Utah. Mr. Hassel has also been a Director of the following: Growve (June 2023 to present; St. Petersburg, Florida); Ryze Renewables (August 2022 to present;

Irvine, California); Camofire/Black Ovis (April 2022 to present; Salt Lake City, Utah); Infinity Trading & Solutions, LLC (November 2020 to February 2022; Chandler, Arizona); Consolidated Glass (January 2020 to January 2022; New Castle, Pennsylvania); Standard Furniture/Albany Furniture (October 2019 to June 2023; New Albany, Mississippi); National Auto Performance Warehouse (June 2019 to present; Hialeah, Florida); National Waste (February 2017 to present; Bay Shore, New York); FINCA Impact Finance (March 2013 to present; Washington, DC); and Kona Grill Inc. (March 2019 to February 2020; Scottsdale, Arizona).

Mike Revak: President, SFG

Mr. Revak has served as our President since February 2024. Mr. Revak has also served as Chief Business Officer of CTH since July 2023. From October 2021 to July 2023, Mr. Revak served as Senior Vice President of Franchise and Business Development for CTH. From October 2012 to October 2021, Mr. Revak was the Chief Operating Officer of Rockin' Jump Franchise, LLC, in Dublin, California.

Karen Luey: Chief Financial Officer, CTH and SFG

Ms. Luey has served as Chief Financial Officer for us and CTH since May 2023. Ms. Luey previously served as Chief Financial Officer for The Mina Group, LLC in San Francisco, CA from April 2018 to May 2023. Ms. Luey was also on the Board of Directors for Del Taco Restaurants, Inc. in Lake Forest, California from July 2021 through March 2022.

Yogi Jashnani: Chief Revenue Officer, CTH and SFG

Mr. Jashnani has served as Chief Revenue Officer for us and CTH since November 2023. Before that, Mr. Jashnani served as Chief Commercial Officer at Ideal Image in Tampa, Florida from December 2019 to March 2023. Mr. Jashnani previously served as Senior Vice President, Marketing, Insights and Analytics at Advance Auto Parts in Raleigh-Durham, North Carolina from June 2017 to November 2019.

Eric Taylor: Chief Development Officer, CTH and SFG

Mr. Taylor has served as Chief Development Officer for us and CTH since March 2023. Mr. Taylor previously served as Vice President of Development at Tijuana Flats Restaurants, LLC in Orlando, Florida from December 2019 to March 2023, and the President of Baxter Wilhelm Franchise Consulting in Dallas, Texas, from March 2018 to March 2020.

Joe Tenczar: Chief Information Officer, CTH and SFG

Mr. Tenczar has served as Chief Information Officer for us and CTH since March 2023. Mr. Tenczar previously served as Chief Strategy Officer and Chief Information Officer for Sonny's Franchise Company in Winter Park, Florida, from January 2014 to March 2023, and Founder and President of Restaurant CIOs Consulting in Orlando, Florida, from July 2017 to December 2023.

Amanda Ellis: Franchise Sales Manager

Ms. Ellis has served as our Franchise Sales Manager since August 2022. Before joining us, she was Director of Onboarding [and Franchise Coordinator](#) at Premier Martial Arts in Knoxville, TN, from July 2013 to August 2022.

Item 3

LITIGATION

Concluded

Cherokee Gray Eagle IP, LLC and Rebounderz Franchise and Development, Inc. vs Sky Zone, LLC, Sky Zone Franchise Group, LLC, et al., United States District Court for the Middle District of Florida, Orlando Division, Case No. 6:18-cv-355-Orl-40EJK. On March 8, 2018, the Plaintiff filed a complaint against us, Sky Zone, LLC, RPSZ Construction, LLC, as well as certain Sky Zone franchisees, alleging infringement of United States Patent No. 8,764,575, a design patent for an angled wall unit for trampolines and seeking an injunction and damages and legal fees and costs. The parties reached a settlement without any admission of infringement and the cases have all been dismissed with prejudice on January 28, 2020.

Barclay Poole v. Jeffrey Platt and Sky Zone Franchise Group, LLC, Circuit Court for the State of Missouri, County of Cole, Case No. 16AC-CC00572. On December 29, 2016, Plaintiff Barclay Poole filed a petition against Defendants Jeffrey Platt and Sky Zone Franchise Group for breach of contract and breach of fiduciary duty seeking damages. Plaintiff alleged that: (i) Defendants breached the Sky Zone Franchise Group Operating Agreement by issuing certain equity interests in Sky Zone Franchise Group without the required consent of the members of Sky Zone Franchise Group; (ii) Defendant Jeffrey Platt breached his fiduciary duties owed to Plaintiff by preventing Rick Platt (another member of Sky Zone Franchise Group) from serving as manager, ceding all management authority to a board of managers, using company funds to pay a law firm that provided advice to remove Rick Platt as manager, using company funds to pay for the legal funds in defense of removing Rick Platt as manager, issuing equity interests in Sky Zone Franchise Group to non-members without member consent, inappropriately issuing interests to himself and his designees, using company funds to pay a settlement to Brent Platt (another member of Sky Zone Franchise Group), making decisions that were not in the best interests of Sky Zone Franchise Group, making expenditures in excess of \$25,000 without the consent of the members, and commencing a pre-emptive offering to attempt to correct the breaches of the Operating Agreement, which resulted in damages to Plaintiff. In May 2018, the parties reached a settlement of all claims whereby we paid to Plaintiff the sum of \$828,426, in exchange for a dismissal of all claims with prejudice and mutual releases.

Ottway II, LLC vs Sky Zone Franchise Group, LLC, AAA Arbitration, Case No. 01-18-0003-7867. On October 11, 2018, Ottway II, LLC, a Sky Zone franchisee located in Daytona Beach, Florida, filed a demand for arbitration with the American Arbitration Association, in Chicago, Illinois. In its demand, Ottway alleged that (1) we unfairly competed with Ottway through one of our affiliate brands that also operates a trampoline park in Daytona Beach, Florida, (2) we used Ottway's confidential and proprietary information for the benefit of our affiliate that operates a

trampoline park in Daytona Beach, Florida, and (3) we used or allowed others to use or duplicate our knowledge, know-how and expertise to directly compete with Ottway. Without admitting any liability, on February 14, 2020, we and Ottway entered into a Settlement Agreement and related agreements, under which Ottway released us from all claims, we terminated Ottway's franchise agreement, and one of our affiliate's acquired all Ottway's assets for \$1,112,500 and assumed the lease covering Ottway's Sky Zone Indoor Trampoline Park in Daytona Beach, Florida.

Disclosure Regarding the House of Trix, LLC Franchise Program

The Commissioner of Financial Protection and Innovation v. House of Trix, LLC, Consent Order Dated February 21, 2023. As a result of an inquiry by the California Commissioner of Financial Protection and Innovation ("**Commissioner**") into the franchise sales activities of our affiliate, House of Trix, LLC ("**HOT**"), the Commissioner found that in late 2021, during a period in which HOT was not registered to sell franchises, HOT sold an unregistered franchise in California. In relation to the Commissioner's inquiry, it also found that HOT made an untrue statement to the Commissioner when it told the Commissioner that it had only sold a single unregistered franchise in violation of section 31204 of the California Corporations Code. In fact, HOT had sold an additional unregistered franchise in late 2021, which had previously been mutually terminated. Consequently, as part of the Consent Order, HOT agreed to pay an administrative penalty of \$5,000, deliver Notices of Violation to the two franchisees affected by its violations, and deliver a copy of the Consent Order to all California franchisees who purchased a franchise from HOT from April 22, 2020, to January 27, 2023.

Other than [the 4 matters](#) as set forth above, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You will be required to pay us an initial franchise fee of \$75,000 (the "**Initial Franchise Fee**") upon signing the Franchise Agreement. The Initial Franchise Fee is uniform and not refundable.

If you are rebranding an existing trampoline park from one of our affiliated brands, Rockin' Jump or Defy, you will not be required to pay us an Initial Franchise Fee to rebrand.

Other Amounts Payable in Connection with a Single Park

You must pay us or our affiliates for the Attractions equipment and installation, all on-court sports equipment (e.g., balls), jump ~~stickers~~wristbands, JumpSocks, ~~SkyBands (equipped with radio-frequency identification (RFID))~~, mobile device applications (SkyApp) and other items we designate for use or resale at Parks. We and our affiliates are the only approved suppliers for these products and services. The ~~costs~~amounts for these items are nonrefundable and will range from ~~(i) \$427,195 to \$870,489 payable to our affiliate, and (ii) \$13,849 to \$14,029 (not including the Initial Franchise Fee) payable to us. These costs are uniform and nonrefundable.~~454,893 to \$898,367 payable to SFG and its affiliate.

We may require you to reimburse us for our reasonable expenses, including the costs of travel, lodging and food incurred in site evaluation for each visit we make at your request. We estimate our reasonable expenses related to site selection will range from \$500 to \$5,000. If we require you to pay these expenses, the amounts will be uniform and nonrefundable.

Multi-Unit Development Agreement

If you are approved and we grant you rights to develop multiple Parks within a designated Development Area as described more fully in Item 1, you will be required to pay us a lump-sum fee amounting to the sum of: (i) \$75,000 for the first Park you are granted the right to develop; and (ii) \$50,000 for the second Park and each additional Park we grant you the right to develop under the MUDA (collectively, the “**Development Fee**”). For example, the Development Fee for rights to develop three (3) Parks will be \$175,000. The Development Fee is paid to us upon execution of the MUDA. It is uniform and non-refundable.

Item 6

OTHER FEES

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Notes 1 and 2)	6% of Gross Sales	Payable twice per month on the 16 th and first day after month ends	Fees and sales report due. Payments must be made via electronic funds transfer (EFT).
Advertising Fee (Notes 1 and 2)	Currently, 2% of Gross Sales	Payable twice per month on the 16 th and first day after month ends	Payments must be made via electronic funds transfer (EFT). We have the right to increase your Advertising Fee to an amount equal to up to 2.5% of Gross Sales.
On-line Marketing Tool Advertising Fee (Note 3)	Then-current fee charged by our approved or designated supplier	Monthly	We have a mandatory marketing platform for all approved marketing resources. This fee is charged

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
	Currently, \$20 per month per user		based on the number of users at a given Park.
Extension Fee (Note 4)	The then current initial franchise fee	Upon our approval of extension request	See Note 4
Transfer Fee Under Franchise Agreement	50% of the then-current Initial Franchise Fee	Prior to transfer	Payable by transferee when you transfer your Franchise Agreement, the assets of your Park or your ownership.
Successor Fee Under the Franchise Agreement	25% of the then-current Initial Franchise Fee	At the time execution of the then current franchise agreement	Payable when you renew the Franchise Agreement.
Additional Training (Note 5)	Currently, we reserve the right to charge \$500 per day	Upon request or as we require	This is for additional training we may periodically provide or require.
Additional Assistance (Note 5)	Currently, we reserve the right to charge \$500 per day	Upon request or as we require	This is for additional assistance that you need or request.
Audit (Note 6)	Our costs and expenses of the audit, including salaries, professional fees, travel, meals and lodging, plus any understated amount with interest	Upon demand	Payable if audit or review shows an understatement of Gross Sales for the audited or reviewed period of 2% or more.
Interest on Late Payments (Note 6)	Lesser of 18% annually or maximum legal rate we are able to charge (e.g., based on where the Park is located) subject to applicable laws	On all overdue payments	Payable on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Non-Compliance Fee	\$250 for each day you remain out of compliance. \$2,500 per violation for failure to obtain guest waivers	Upon demand	If you are found in violation of Franchise Agreement.
Testing for Alternate Supplier Approval	Not more than the actual cost of the test	Upon demand	Only if you propose a supplier to us for our approval.

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Product Purchases and Installation of Attractions (Note 7)	Varies based on the products ordered (e.g., Attractions (including installation), balls, stickers, wristbands and JumpSocks)	As incurred and as set forth in the applicable Purchase Order (a form of which is attached to this Disclosure Document as <u>Exhibit H</u>)	Payment must include cost of goods, taxes, shipping and handling.
Inspection and Compliance Reimbursement	Our actual costs, including travel, meals and hour wage expenses	Upon demand	If after inspection of your Park we determine additional follow-up inspections or assessments are required.
Online POS-Related Fees	Then-current fees charged by our approved supplier for point of sale (POS) system and related software. Currently, the POS-related fees are \$450 600 - \$650 900 monthly	As incurred	Payable to our approved supplier for POS-related software.
Technology Suite (Note 8)	Then-current technology or license fee we charge in connection with the any Technology Suite we develop and/or designate for use in connection with the System	As arranged.	We have not currently developed or designated a Technology Suite to handle certain non-POS related technology within SKY ZONE Parks, but we reserve the right to do so in the future. If we develop or designate such a Technology Suite in the future, we may require you to implement that technology and pay us or our approved supplier a recurring fee for the Technology Suite access and use.
Taxes (Note 9)	Actual costs	Upon demand	
Annual Convention	Up to \$1,500 per person, plus travel, hotel and related expenses	15 days before convention begins. If not paid by the required deadline, the fee will be	At least one representative from each park must attend the convention. The cost of the convention does not include travel, lodging, meals

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
		automatically debited from your bank account	or wages expenses for the attendee.
Space Planning Fee	Then-current fee Currently, \$350 per floor plan	Upon delivery of the Space Plan	We will provide the first 3 Space Plans at no cost to you. Each additional floor plan after the 3 rd , if necessary, will cost you \$350 per Space Plan.
Liquidated damages	Greater of \$100,000 or the average monthly Royalty Fee and Ad Fee paid by you during the 24 months of actual business operations multiplied by the remaining months in the Initial Term	Immediately upon termination by us for cause or you without cause	
Insurance	Total Cost of Risk (defined in Item 7), currently between 2.96% and 8.69% of Gross Sales, but subject to recalculation every 6 months and could increase or decrease	Monthly	All franchisees are required to participate in the Master Insurance Program (defined in Item 7). You must pay us or our affiliate via electronic funds transfer (EFT) a percentage of Gross Sales monthly to participate in the Master Insurance Program. This amount will depend on several factors, including revenue, attendance, location, losses, compliance metrics (such as timely incident reporting, number of incidents reported, and results and resolutions of inspections), and other factors and risks we periodically consider. Your Total Cost of Risk may be higher or lower than this estimated range. This fee does not include the cost of purchasing other required insurance coverage from third

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
			parties, as described in Item 8.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees)	Upon demand.	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person (including, employees, agents, officers) relating to your Park.
Attorneys' Fees for Review of Park Waivers	Actual costs	As incurred.	If applicable to your state, all franchisees located within your state will share the costs for the attorney to review the Park waiver for your state.

* All fees are imposed by and payable to us or our affiliates, non-refundable, and uniformly imposed.

Note 1: Amount of Royalty Fee and Advertising Fee. You must pay us a Royalty Fee equal to 6% of Gross Sales and you will pay us 2% of Gross Sales for an Advertising Fee.

Note 2: Timing and Calculation of Royalty Fee and Advertising Fee. Royalty Fees and Advertising Fees are due and payable twice per month on the 16th and the first day after the month ends. If the payment date falls on a holiday, the fees will be due on the next business day. Any payment or report not received by us by the date due will be deemed overdue. **"Gross Sales"** means the total amount of all sales of products, services, merchandise, programs sold from, through, or in connection with the Park, whether for cash, on credit, barter or otherwise, but not including applicable sales, use or service taxes. You will comply with the procedures specified in the Operations Manual or as otherwise communicated for any electronic funds transfer program and shall perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to conduct payment by electronic funds transfer, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees and Advertising Fees and other amounts, including interest payable to us. In addition, you will pay all costs associated with using an electronic funds transfer payment program. If you fail to timely report to us in accordance with the procedures set forth in the Franchise Agreement and in the Operations Manual, in addition to any applicable late charge, we have the right, but not the obligation, to debit from your account an estimated amount equal to the fees due and payable to us according to the most recent reports you sent to us.

Note 3: Online Marketing Tool Advertising Fee. This monthly fee is for the Online Marketing Tool, which is used to host Sky Zone marketing and advertising collateral such as brochures, flyers, direct mail, and print advertising pieces.

Note 4: Extension Fee. You may request a three (3) month extension of this time frame to lease, sublease or purchase the Location by sending us a written request at least thirty (30) days before the deadline (“**First Extension Period**”). We may grant the First Extension Period, without your payment of any extension fee, if we believe you have engaged in a good faith effort to find a Location. If no less than 30 days prior to the expiration of the First Extension Period, you request an additional extension of time to lease, sublease or purchase the Location (“**Additional Extension Period**”), we shall have the right, in our sole discretion, to grant such Additional Extension Period provided you pay us an extension fee in an amount equal to the then-current initial franchise fee.

Note 5: Training and Assistance Fees. We reserve the right to charge you a reasonable amount, up to \$500 per day, for any training we provide to you or your managers or employees after we have provided the minimum required training described in Item 11. You must pay for any travel, meal, incidental, and lodging expenses incurred by persons conducting the training programs and attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it.

Note 6: Interest, Audit Fees and Late Report Fees. If you under-report your Gross Sales, in addition to paying us for unpaid Royalty Fees and Advertising Fees, you must pay interest on any unpaid amounts at a rate equal to the lesser of 18% per annum or the maximum legal rate in the jurisdiction where your Park is located. In addition, if the Gross Sales you report for any calendar year is understated by 2% or more of the actual Gross Sales for that period, you must reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging. If you fail to send us your weekly reports when due, we can charge you, to the extent permitted by law, a late report fee of \$100 plus \$100 for each day your report is late. If you fail to send us a report that is due on a quarterly basis or annual basis, we can charge you a late report fee of \$100 plus \$100 for each month your report is late.

Note 7: Product Purchases. You must purchase certain items such as the Attractions (including the nets, padding, and installation), balls, ~~stickers~~, wristbands, party/event supplies, JumpSocks, ~~SkyBands~~, and other Sky Zone branded items from Sky Zone Franchise Group or our affiliates. You may decide to purchase certain other products (such as promotional materials and merchandise) from us or our affiliates. (See Item 8) The prices, terms, and conditions for these purchases are contained on the price list that we, or our affiliates, will periodically supply to you (“**Price List**”). We reserve the right, for ourselves and our affiliates, to update the Price List and change the terms and conditions for these purchases at any time on 30 days’ notice. All the individuals who guarantee the Franchise Agreement must also guarantee all your purchases of products and equipment from us or our affiliates. You must pay for all taxes, shipping, and handling costs. If you fail to pay for any products or equipment when payment is due, we, or our affiliates, can require you to pay for future products and/or equipment on cash on demand basis or withhold shipment of products and/or equipment in addition to requiring you to pay late fees and interest.

Note 8: Technology Suite. We may, but are under no obligation to, introduce non-POS technology products or services in the future for use in connection with the System and Parks that may use or incorporate custom applications and technologies ~~associated with new~~

~~SkyBand technology (which may include fitness bands equipped with radio-frequency identification (RFID), for example).~~ We intend for new franchisees, after the new system is launched, to use this technology suite. We expect there will be a monthly fee, the exact amount of which is to be determined by us. We expect that the costs associated will involve comparable, but perhaps higher, costs than franchisees are currently required to expend on the same or similar technology.

Note 9: Taxes. You must pay us the amount of any state or local sales, use, gross receipts, or similar tax that the State or local government authority imposes on fees which you pay to us, without offset or deduction of any kind. This does not include income-type taxes which a State or local government imposes on our income.

Item 7

ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISEE

YOUR ESTIMATED INITIAL INVESTMENT 16,000 – 27,000 SQUARE FEET					
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (including Deposit)	\$75,000		Lump Sum	Upon signing the Franchise Agreement	Us
	Low	High			
Lease & Security Deposits (Note 1)	\$0	\$150,000	Lump Sum	Upon signing the lease	Landlord
Leasehold Improvements/ Architect (Note 2)	\$1,000,000	\$1,900,000	Lump Sum	Before Opening	Landlord, architect, construction company
Signage	\$20,000	\$54,000	Lump Sum	Before Opening	Vendors
Attractions (Note 3)	\$700,000	\$1,100,000	Lump Sum	Before Opening	Our affiliate
Furniture/Fixtures (Note 4)	\$30,000	\$65,000	Lump Sum	Before Opening	Vendors
Computer Software License and Hardware (Note 5)	\$59,500 <u>60,000</u>	\$78,000 <u>80,000</u>	Lump Sum	Before Opening	Vendors
Equipment and Supplies (Note 6)	\$125,000	\$165,000	Lump Sum	Before Opening	Vendors

YOUR ESTIMATED INITIAL INVESTMENT 16,000 – 27,000 SQUARE FEET					
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Licenses, Dues, and Utility Deposits	\$5,000	\$12,000	Lump Sum	Before Opening	Government Agencies and Organizations
Inventory (Note 7)	\$20,000	\$40,000	Lump Sum	Before Opening	Vendors and us or our affiliates
Travel Expenses/Pre-Opening Salaries	\$40,000	\$60,000	Lump Sum	Before Opening	Airlines, hotels, etc.
Professional Fees	\$4,000	\$14,000	Lump Sum	Before Opening	Attorney, accountant
Insurance Premiums, Allocations and Other Insurance for first quarter of operations (Note 8)	\$24,000	\$40,000	Lump Sum	Before Opening	Insurance underwriter
Additional Funds - 3 months (Note 9)	\$50,000	\$120,000	As incurred	As incurred	Employees, suppliers, utilities, etc.
Grand Opening Advertising (Note 10)	\$25,000	\$25,000	Lump Sum	Before opening and within the first month of operation	Advertising company
TOTAL (Note 11)	\$2,102,500 <u>2,178,000</u>	\$3,823,000 <u>3,900,000</u>			

**YOUR ESTIMATED INITIAL INVESTMENT
27,000 – 39,000 SQUARE FEET**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (including Deposit)	\$75,000		Lump Sum	Upon signing the Franchise Agreement	Us
	Low	High			
Lease & Security Deposits (Note 1)	\$0	\$195,000	Lump Sum	Upon signing the lease	Landlord

YOUR ESTIMATED INITIAL INVESTMENT
27,000 – 39,000 SQUARE FEET

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Leasehold Improvements/ Architect (Note 2)	\$1,250,000	\$2,000,000	Lump Sum	Before Opening	Landlord, architect, construction company
Signage	\$30,000	\$65,000	Lump Sum	Before Opening	Vendors
Attractions (Note 3)	\$700,000	\$1,200,000	Lump Sum	Before Opening	Our affiliate
Furniture/Fixtures (Note 4)	\$50,000	\$70,000	Lump Sum	Before Opening	Vendors
Computer Software License and Hardware (Note 5)	\$59,500 <u>\$60,000</u>	\$78,000 <u>\$80,000</u>	Lump Sum	Before Opening	Vendors
Equipment and Supplies (Note 6)	\$130,000	\$170,000	Lump Sum	Before Opening	Vendors
Licenses, Dues, and Utility Deposits	\$5,000	\$15,000	Lump Sum	Before Opening	Government Agencies and Organizations
Inventory (Note 7)	\$25,000	\$60,000	Lump Sum	Before Opening	Vendors and us or our affiliates
Travel Expenses/Pre-Opening Salaries	\$30,000	\$62,000	Lump Sum	Before Opening	Airlines, hotels,
Professional Fees	\$5,500	\$14,000	Lump Sum	Before Opening	Attorney, accountant
Additional Funds	\$50,000	\$130,000			
Insurance Premiums, Allocations and Other Insurance for first quarter of operations (Note 8)	\$30,000	\$60,000	Lump Sum	Before Opening	Insurance underwriter
<u>Grand Opening Advertising (Note 10)</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>Lump Sum</u>	<u>Before opening and within the first month of operation</u>	<u>Advertising company</u>
Total (Note 11)	\$2,390,000 <u>\$2,465,500</u>	\$4,119,000 <u>\$4,221,000</u>			

YOUR ESTIMATED INITIAL INVESTMENT 39,000 – 50,000 SQUARE FEET					
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (including Deposit)	\$75,000		Lump Sum	Upon signing the Franchise Agreement	Us
	Low	High			
Lease & Security Deposits (Note 1)	\$0	\$225,000	Lump Sum	Upon signing the lease	Landlord
Leasehold Improvements/ Architect (Note 2)	\$1,250,000	\$2,400,000	Lump Sum	Before Opening	Landlord, architect, construction company
Signage	\$30,000	\$65,000	Lump Sum	Before Opening	Vendors
Attractions (Note 3)	\$700,000	\$1,200,000	Lump Sum	Before Opening	Our affiliate
Furniture/Fixtures (Note 4)	\$50,000	\$80,000	Lump Sum	Before Opening	Vendors
Computer Software License and Hardware (Note 5)	\$59,500 <u>60,000</u>	\$78,000 <u>80,000</u>	Lump Sum	Before Opening	Vendors
Equipment and Supplies (Note 6)	\$140,000	\$170,000	Lump Sum	Before Opening	Vendors
Licenses, Dues, and Utility Deposits	\$5,000	\$17,500	Lump Sum	Before Opening	Government Agencies and Organizations
Inventory (Note 7)	\$25,000	\$75,000	Lump Sum	Before Opening	Vendors and us or our affiliates
Travel Expenses/Pre-Opening Salaries	\$40,000	\$65,000	Lump Sum	Before Opening	Airlines, hotels, etc.
Professional Fees	\$5,500	\$20,000	Lump Sum	Before Opening	Attorney, accountant
Insurance Premiums, Allocations and Other Insurance for first quarter of operations (Note 8)	\$30,000	\$65,000	Lump Sum	Before Opening	Insurance underwriter
Additional Funds - 3 months (Note 9)	\$85,000	\$150,000	As incurred	As incurred	Employees, suppliers, utilities, etc.
Grand Opening Advertising (Note 10)	\$25,000	\$35,000	Lump Sum	Before opening and within the first month of operation	Advertising company
TOTAL (Note 11)	\$2,445,000 <u>2,520,500</u>	\$4,645,500 <u>4,722,500</u>			

YOUR ESTIMATED INITIAL INVESTMENT REBRAND - ALL PARK SIZES					
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$0		N/A	N/A	N/A
	Low	High			
Leasehold Improvements (Note 2)	\$40,000	\$122,500	Lump Sum	Before Opening	Landlord, architect, construction company
Attractions (Note 3)	\$26,500	\$87,500	Lump Sum	Before Opening	Our affiliate
Furniture/Fixtures (Note 4)	\$2,000	\$8,500	Lump Sum	Before Opening	Vendors
Signage	\$30,000	\$72,000	Lump Sum	Before Opening	Vendors
Inventory (Note 7)	\$2,500	\$12,000	Lump Sum	Before Opening	Vendors and us or our affiliates
Professional Fees	\$750	\$750	Lump Sum	Before Opening	Attorney, accountant
Additional Funds - 3 months (Note 9)	\$40,000	\$125,000	As incurred	As incurred	Employees, suppliers, utilities, etc.
TOTAL	\$141,750	\$428,250			

Explanatory Notes

The estimated expenses in the tables above are estimates based upon expenses incurred by franchisees in the development of new Parks, [our affiliate's development of Parks](#) and, as applicable, Parks rebranded from one of our affiliated brands. You are encouraged to make an independent investigation and analysis of the potential expenses which you may incur to begin operating your Park.

Note 1: Lease and Security Deposit. The ideal size of a Park featuring two (2) or more Attractions should range between ~~15,000~~[25,000](#) and ~~30,000~~[40,000](#) square feet. Larger Parks may feature additional Attractions. In most cases, the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of at least one month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. However, the deposit will most likely depend on the size and location of the Park. These costs will vary greatly depending on the area where the Park will be located. The item in each table represents one month's rent as a security deposit and your first month's rent. The low range in each table represents the least expensive deposit for a Park of the size described in the applicable Chart above, and the high range is the most expensive deposit for a Park of that size. In most cases, franchisees rent rather than purchase property. The initial investment assumes you will rent the premises for your Park [and does not cover any debt service you incur or related fees such as loan interest, loan origination fees, and any and all other fees associated with the financing of the project](#). If you purchase the property, your initial expenses will dramatically increase.

Note 2: Leasehold Improvements and Architect Fees. When a site has been selected by you and approved by us in writing, you will select a licensed architect that meets our standards or has been approved by us who will provide you with a preliminary layout and suggestions for the design of a typical Park and then a full set of design plans. You will pay for the local architect's services directly.

The cost of construction, improvements or building varies widely by the size of the space, the existing improvements (including if you are rebranding from one of our affiliated brands) and local construction rates. For example, if the electrical outlets, bathrooms, or heating/cooling are not already completed in the site, your costs for leasehold improvements will be more. Sometimes you may receive a construction allowance from the landlord and if so, the costs may be reduced accordingly. The cost of leasehold improvements in the above Table do not include any of the items already listed in this Table entitled "Furniture/Fixtures", "Attractions" or "Equipment and Supplies. In some cases, costs may be significantly higher or lower depending on lease negotiations with local landlords. We provide the first 3 space plans to you at no additional cost.

Note 3: Attractions. Attractions costs vary based on selected attractions. You must purchase the Attractions and the installation from us or our affiliates, or through approved vendors. The cost of the Attractions does not include the entrance platforms.

Note 4: Furniture/Fixture. This range includes furniture, storage racks, lockers, kiosk, displays, etc. You must purchase these items from approved suppliers. This range assumes that these items being purchased are new and the costs include installation. If you are rebranding from one of our affiliated brands, this estimate is lower because the furniture and fixtures required will be less.

Note 5: Computer Equipment. The type of POS System you must purchase is described in Item 11. You are required to purchase and install the POS system approved by Sky Zone. Also included in this range is the cost of the register and the network. The number of computer stations and certain additional extra equipment will determine the amount of this Item. You must purchase the designated POS package from our approved vendor and all the necessary modules that come with the program. Additional information about the required POS System is included in Item 11.

Note 6: Equipment and Supplies. These amounts represent audio visual system, TVs, clocks, concession equipment and supplies, cleaning supplies and equipment, first aid equipment, filming and photography equipment, telephone system, video surveillance camera system/security system, radios, and uniforms. All the costs assume these items are new and include any installation which is required.

Your security camera system must monitor all the Attractions, including recording equipment to record and store video records of injuries for minimum of 365 days (ready access storage). Additionally, the video system specification must allow for us and our insurance carrier to always have direct access to your security cameras and video storage (365 days' history).

Note 7: Inventory. These amounts represent the cost of your inventory including party favors and supplies, wristbands, JumpSocks, merchandise, concessions, and uniforms.

Note 8: Insurance and Captive SIR Program. The amounts represent the cost of the required insurance for the first fiscal quarter of operation. In conjunction with our broker and underwriters,

we and Sky Zone, LLC have developed the mandatory insurance program, which provides our franchisees with primary general liability and follow form excess liability coverage tailored specifically to Parks, in addition to a risk management program (the “**Master Insurance Program**”). You must participate in the Master Insurance Program. Currently, under the program, coverage for each franchise Park is \$1 Million per occurrence and \$3 Million aggregate for the primary general liability with excess liability coverage of \$6 Million. You will pay for your allocated share of the total system-wide Master Insurance Program costs (the “**Total Cost of Risk**”). The Total Cost of Risk currently covers the following costs: (a) the Captive SIR Program (defined below) premiums; (b) the premiums for a designated commercial insurance carrier to provide primary general liability and follow form excess liability coverage; (c) the insurance broker fees paid by us or our affiliate(s); (d) our and our affiliates’ administrative fees incurred in connection with the administration of the Captive SIR Program; and (e) an administrative fee retained by us for our administration of the Master Insurance Program. The Total Cost of Risk will depend on a number of factors, including revenue, attendance, location, losses, compliance metrics (such as timely incident reporting, number of incidents reported, and inspection results and resolutions), and other factors which we periodically determine reflect the risks generated by each franchisee. We or our affiliate may recalculate the Total Cost of Risk every 6 months (each 6-month period, a “**Coverage Period**”), at which time the Total Cost of Risk may increase or decrease. We will notify you of your Total Cost of Risk before the beginning of each Coverage Period. If the Master Insurance Program is discontinued, you must secure liability insurance from our approved supplier of insurance. Under the Master Insurance Program, each claim has a \$250,000 retention. We have established the Captive Self-Insured Retention (SIR) Program (the “**Captive SIR Program**”), which is part of the Master Insurance Program in which you must participate. The Captive SIR Program Terms and Conditions included in the Operations Manual will govern your participation in the Captive SIR Program. The Captive SIR Program will be used to fund claims that are above \$10,000 and up to the \$250,000 retention. The funds will be held in a separate account and managed by Sky Zone or one of our affiliates. All costs of administering the Captive SIR Program will come from amounts contributed to the Master Insurance Program by individual Parks through the Total Cost of Risk payments. Regular actuarial analysis of the amount of estimated losses covered by the \$250,000 retention, the estimated losses covered by each Park’s \$10,000 deductible responsibility for the per-claim retention and administrative fees will be completed by our insurance broker and their actuarial team. We may discontinue the Captive SIR Program at any time. You must also carry additional insurance such as [commercial property insurance](#), [crime, business auto liability](#), workers compensation, and other coverages as we may require from time to time. Property insurance premiums range from \$4,000 to \$14,000 annually depending on the Park location and size of the facility. Workers compensation insurance premiums can range from \$2,000 to \$25,000 annually depending on the state in which your park is located, job classification, prior claims history, and the number of employees.

Note 9: Additional Funds. This item estimates your initial startup expenses during the initial period of the operation of your Park, which we estimate is three months. These expenses include rent, payroll costs, benefits, utilities, additional inventory requirements, supplies, advertising, and marketing costs after the first month the Park is open, etc., but do not include Royalty Fees and Advertising Fees and do not include an owner’s salary or draw or any expenses which are listed in the above chart. These figures are estimates, and you may have additional expenses to start the business. ~~Your costs will depend on factors like these: how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions;~~

~~the local market for your products and services; the prevailing wage rate; competition; and sales level reached during the initial period.~~

Note 10: Grand Opening Advertising. As explained in Item 11, you must spend a minimum of \$25,000 (“**Grand Opening Advertising Amount**”) for grand opening advertising and sales promotions for your Park. You must spend $\frac{1}{2}$ of this Grand Opening Advertising Amount before you open your Park, and the remainder in the first month your Park is in operation.

Note 11: Total. Costs and expenses can vary depending on factors like local real estate values, cost of labor and supplies. These figures were based on the experience of our affiliates operating Sky Zone Indoor Trampoline Parks since 2001, as well as certain figures/estimates we have compiled regarding certain franchisee openings since 2004. The expenses may differ in other parts of the country. None of the fees listed in this Item are refundable. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer, either directly or indirectly, financing to you for any items.

B. YOUR ESTIMATED INITIAL INVESTMENT - DEVELOPER (3-PACK)¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee (Note 2)	\$175,000	Lump Sum	Upon Execution of Development Agreement	Us
Vehicle (3 months) (Note 3)	\$2,100	As arranged with third-party		
Estimated Investment to Open Initial Park Minus Initial Franchise Fee That Is Collected In The Development Fee (Note 4)	\$1,492,500 2,027,500 - \$2,045,000 3,748,000	See Chart A of this Item 7 minus Initial Fee		
Total (Assuming the First Park is 15,000 16,000- 27,000 Square Feet)	\$1,669,600 2,381,700 - \$2,222,100 3,925,100	This is the total estimated initial investment to enter a MUDA for the right to own a total of three (3) Parks, as well as the costs to open and commence operating your initial Park for the first three months (as described more fully in the tables above in this Item 7).		

Explanatory Notes

Note 1: General. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This table details the estimated initial investment associated with executing a Multi-Unit Development Agreement for the right to own and operate three (3) Parks, as well as the initial investment to open the first Park under the Development Schedule. This table assumes that none of the Parks to be developed under the Multi-Unit Development Agreement will be rebranded from our affiliated brands.

Note 2: Development Fee. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate a total of three (3) franchised Parks (provided you comply with your development obligations under the Development Agreement). If you choose to open more than three (3) Parks, your Development Fee will be higher.

Note 3: Vehicle. We expect that you will need a vehicle to view potential Sites, oversee buildouts, supervise multiple Park locations, etc. We estimate that your vehicle costs will be \$2,100, including gas, maintenance, and monthly payments. The amount you expend may be less if you use a vehicle that you already own to perform these tasks.

Note 4: Estimated Investment to Open Initial Park. This figure represents the total estimated initial investment required to open the initial Park you agreed to open and operate under the MUDA. The range includes all the items outlined in the table above in this Item 7 for a Park that is ~~15,000~~16,000-27,000 square feet, except for the Initial Franchise Fee for the first Park because you pay this Initial Franchise Fee once as part of Development Fee. ~~The estimated initial investment for your first Park will be more if your first Park is larger than 15,000 square feet.~~ This range does not include any of the initial investment you will incur when you establish additional Parks under a MUDA. Initial investments to develop additional Parks under the MUDA may be affected by factors including inflation, labor and materials costs, and other factors not within our control.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the Sky Zone System, you must build and operate the Park according to our System and the operational standards and specifications as we may establish from time to time, which includes purchasing all approved products, services, supplies, inventory, equipment, and materials required for the operation of the Park from manufacturers, suppliers or distributors we approve. Although you are not required to purchase or lease real estate from us or our affiliates, we must accept the location of your Park (see Item 11). You must construct and equip your Park in accordance with our then current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (which includes hardware and software for a computerized record-keeping system), signage, fixtures, furnishings, products, supplies and marketing and sales promotion materials that meet our specifications and standards.

Approved Suppliers

We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or an affiliate may be that single source. For example, as of the date of this Disclosure Document, you must purchase those items designated in the next section of this Item 8 from us, our affiliate or our designated approved third-party vendor. Other than any required products or services where we designate one or more designated approved suppliers, you have no obligation to purchase or lease products, goods, services, supplies, fixtures, equipment, inventory, computer hardware and software (including the any Technology Suite we develop), real estate, or comparable items related to establishing or operating the Park from us, our affiliates or designated third parties.

Approved Suppliers

Suppliers must demonstrate their ability to supply franchisees' needs in a timely and reliable manner and their products must meet our specifications and standards as to quality and appearance. Our supplier specifications and standards are described in our Confidential Operations Manual (the “Manual”) (as described in Item 11 below) or on our company intranet site. ~~Suppliers must demonstrate their ability to supply franchisees' needs in a timely and reliable manner and their products must meet our specifications and standards as to quality and appearance. In some instances, we, or our affiliates, may be approved suppliers or the sole approved suppliers for certain products (e.g., for the Attractions (including installation), balls, stickers, wristbands and JumpSocks) and Technology Suite (if and when established). Our list of approved suppliers may be designated in the Manual or will otherwise be provided to you. We may modify our list of approved brands, products, and suppliers in our discretion, and will notify you of any modification by updates, memoranda or by supplements to the Manual. We have imposed these requirements to assure quality and uniformity of services and products sold to guests. You must also purchase computer software (including, Technology Suite) and hardware in accordance with our specifications and from approved suppliers., as we may update from time to time.~~

As of the date of this Disclosure Document, you must purchase the following designated products or services from approved suppliers we designate (each an “Approved Supplier”): (1) All Attractions (including installation) & replacement parts; (2) fixtures, furniture, equipment, signage (safety, interior & exterior), décor, architect services, paper products; (3) uniforms, shirts and all merchandised items intended for retail sale (whether or not bearing our Proprietary Marks); (4) bags, packaging, party supplies, or general supplies (whether or not bearing our Proprietary Marks); (5) Point of Sale equipment, software and technology solutions (IT equipment/software) identified by us; (6) insurance policies from our Approved Supplier(s); (7) general contractor services; (8) any equipment or apparel required for customers to use our service, including but not limited to socks, wristbands; (9) arcade & vending machines; (10) music licenses; (11) certain digital marketing services; (12) food & beverage: including but not limited to distributor, certain brands & products / menu items; (13) park cleaning supplies (14) park scenting; (15) gift cards; and (16) certain support services & other products related to the operation of your park. For some of these Approved Suppliers, e.g. food distribution, you will be required to sign a participation agreement directly with the distributor prior to commencing services.

Currently our affiliate, Sky Zone, LLC, is the only Approved Supplier for the purchase and installation of the Attractions for your Park. We and our affiliates also are the only approved supplier for JumpSocks, wristbands, balls and all other on-court equipment/supplies. In addition, we or our affiliates are approved suppliers for certain branded merchandise and certain items you will use in the marketing and promotion of your Park. If we introduce a new Technology Suite system and software, we and our affiliates may be the only approved supplier of Technology Suite for use in your Park.

Except for products or services for which we have designated a single Approved Supplier, if you wish to purchase or lease any goods, products, equipment, or supplies, from a supplier not approved by us as meeting our specifications, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person first notify us in writing. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer or use in your Business may differ from those that we permit or require to be offered or used in other ~~B~~businesses.

~~Currently our affiliate, Sky Zone, LLC, is the only approved supplier for the purchase and installation of the Attractions for your Park. We and our affiliates may also be the only approved supplier for JumpSocks, SkyBands, stickers, wristbands, balls and all other on-court equipment/supplies. In addition, we or our affiliates are approved suppliers for certain branded merchandise and certain items you will use in the marketing and promotion of your Park. If we introduce a new Technology Suite system and software, we and our affiliates may be the only approved supplier of Technology Suite for use in your Park.~~

We and our affiliates reserve the right to receive discounts, rebates, commissions, promotional allowances and other benefits or other consideration from Approved Suppliers in connection with franchisee purchases of products and services as described in this Item 8, as well as in connection with any future purchase of any products or services. Most of these payments are calculated on an amount based on products or services sold. We will retain and use such payments as we deem appropriate or as required by the Approved Supplier. In certain instances, Approved Suppliers may charge our affiliate a lower amount for our affiliate operated Parks than available to a franchisee, based on volume purchases or other similar conditions for those Parks. We also may derive revenue from any items we or any affiliate sells directly to you by charging you more than our or the affiliate's cost. You will pay the then-current price in effect at the time for items you purchase from us or our affiliates.

During ~~2022,~~the fiscal year ending December 31, 2023, our affiliate Sky Zone, LLC received revenues of \$~~4,124,184 from franchisees for construction/retrofit/replacements parts and other product sales~~12,254,750 related to franchisee purchases as described in this Item 8, according to its internal financial statements. Of this amount, \$~~3,397,167~~10,007,110 was paid by ~~SkyZone~~Sky Zone, LLC directly to third party suppliers for construction, retrofit and replacements expenses.~~During 2022, we did not derive revenue on account of franchisee purchases.~~

~~Further, and as discussed in Item 11 below, we have a mandatory marketing platform for all approved marketing resources and approved supplier for this platform.~~

~~There are currently no purchasing or distribution cooperatives.~~

~~We may receive discounts, rebates commissions, promotional allowances and other benefits if you buy items from certain suppliers we designate based on the quantities of products you and other franchisees buy. During 2022, we received a total of \$253,667 from suppliers on account of~~During our fiscal year ending December 31, 2023, we received revenue of \$2,247,640 related to franchisee purchases as described in this Item 8, which is approximately 10.9% of total consolidated revenue of \$20,520,900, based on the audited financial statements included as Exhibit F to the Disclosure Document. In addition, we received a total of \$~~83,455~~558,943 from suppliers to be applied to our convention costs and expenses which helps reduce franchisee convention fees. ~~We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates under these contracts. We reserve the right in the future to affiliate ourselves with suppliers, and/or receive revenues from purchases made by franchisees.~~

The purchase of products from approved sources will represent approximately 90% to 95% of your overall product purchases in opening the franchise and ~~80-85~~80 to 85% of your overall product purchases in operating the franchise.

As of the date of this Disclosure Document, none of our officers has any interest in any approved supplier.

~~There are currently no purchasing or distribution cooperatives.~~

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of products or services or use of particular suppliers,~~but you must use only approved suppliers.~~

Insurance

Master Insurance Program. In conjunction with our broker and underwriters, we and Sky Zone, LLC have developed the Master Insurance Program. You must participate in the Master Insurance Program, which provides our franchisees with primary general liability and follow form excess liability coverage tailored specifically to Parks, in addition to a risk management program. The risk management program includes a software platform for the reporting of injuries, periodic compliance inspections and reports, a third-party administrator for claims, and various reserves for claims incurred but not reported.

You must pay, via electronic funds transfer (EFT), your Total Cost of Risk each month to participate in the Master Insurance Program. The Total Cost of Risk currently covers the following costs: (a) the Captive SIR Program premiums; (b) the premiums for a designated commercial insurance carrier to provide primary general liability and follow form excess liability coverage; (c) the insurance broker fees paid by us or our affiliate(s); (d) our and our affiliates' administrative fees incurred in connection with the administration of the Captive SIR Program; and (e) an administrative fee retained by us for our administration of the Master Insurance Program. The Total Cost of Risk will depend on a number of factors, including revenue, attendance, location, losses, compliance metrics (such as timely incident reporting, number of incidents reported, and inspection results and resolutions), and other factors which we periodically determine reflect the risks generated by each franchisee. We or our affiliate may recalculate the Total Cost of Risk every 6 months, at which time the Total Cost of Risk may increase or decrease. We will notify you of your Total Cost of Risk before the beginning of each Coverage Period. Failure to timely pay any Total Cost of Risk payment will constitute a breach of the Franchise Agreement. If the Master Insurance Program is discontinued, you must secure liability insurance from our approved supplier of insurance.

Captive SIR Program. Under the Master Insurance Program, each claim has a \$250,000 retention. We have established the Captive SIR Program, which is part of the Master Insurance Program in which you must participate. The Captive SIR Program Terms and Conditions included in the Operations Manual will govern your participation in the Captive SIR Program. The Captive SIR Program will be used to fund claims that are above \$10,000 and up to the \$250,000 retention. The funds are non-refundable and will be held in a separate account and managed by us or one of our affiliates. All costs of administering the Captive SIR Program will come from amounts contributed to the Master Insurance Program by individual Parks through the Total Cost of Risk payments. A regular actuarial analysis of the amount of estimated losses covered by the \$250,000 retention and the estimated losses covered by each Park's \$10,000 deductible responsibility for the per-claim retention will be completed by our insurance broker and their actuarial team. Each Park must make monthly payments into the Captive SIR Program (as part of the Total Cost of Risk payments) and pay up to the \$10,000 per claim costs as part of the deductible. All administrative costs and expenses associated with the Captive SIR Program will be paid out of the Total Cost of Risk payments.

The current coverage provided under the Master Insurance Program is based on an insurance policy that expires on March 1, 2025. Upon the expiration of the policy, we intend to negotiate a new policy with a broker and underwriting partners, but we cannot guarantee that the program coverage will remain the same or that the Total Cost of Risk or other fees related to the Master Insurance Program will not change at that point or in the future. We may discontinue or modify the Master Insurance Program at any time and may require you to participate in additional or replacement mandatory insurance programs. If we at any time discontinue, or reduce the scope of, the Master Insurance Program, you will be required to buy and maintain at your own expense, insurance with at least the same level of coverage as provided under the then current Master Insurance Program, from an approved supplier of general liability and excess insurance.

[During the fiscal year ending December 31, 2023, our affiliate received revenue of \\$13,493,762 from the Master Insurance Program or other insurance related payments in effect during the year, according to its internal financial statements.](#)

Listed below are the types and minimum coverage amounts that are included under the Master Insurance Program as of the date of this Disclosure Document. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain any additional coverage as required by your state. We may also designate different insurance coverage, endorsements, exclusions or amounts from time to time in our Operations Manual ~~or amendments thereto~~.

COMMERCIAL GENERAL LIABILITY:

Each Occurrence \$1,000,000.

General Aggregate Limit: \$3,000,000.

Products/Completed Operations \$2,000,000.

Personal and Advertising Injury Limit: \$1,000,000.

Hired and Non-owned auto coverage \$1,000,000.

Damage to premises rented to you \$1,000,000.

Employee Benefits Coverage \$1,000,000 each employee/\$2,000,000 Aggregate – Claims made coverage with retro date of October 1, 2017.

Policy Aggregate Limit: \$25,000,000.

Sexual Misconduct Liability by endorsement to the policy

Communicable disease excluded.

UMBRELLA LIABILITY

Each Occurrence \$5,000,000.

Annual Aggregate per Location \$5,000,000.

Policy Aggregate Limit \$15,000,000.

Communicable disease excluded.

ADDITIONAL REQUIRED AND OPTIONAL INSURANCE. In addition to your participation in the Master Insurance Program, you must procure and maintain in force from an approved insurance company with an “A” or better rating by AM Best and a Financial Size Rating of “VII” or better: (a) Special Form property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, for 100% of the replacement value of your Park and its contents; and (b) any other insurance policies, including but not limited to business interruption insurance, hired and non-owned automobile insurance, unemployment insurance, excess umbrella insurance and worker’s compensation insurance (with a broad form all-states endorsement) insurance, as we may determine periodically or as required by law. For any interruption in the operation of the Park for any other reason, you must continue to pay us, during the period of interruption, continuing royalty fees based on the average monthly royalty fees paid by you during the twelve (12) months immediately preceding the period of interruption. All insurance policies must: (1) contain the types and minimum amounts of coverage, exclusions, and maximum deductibles as we prescribe; (2) name us and our affiliates as additional insureds; (3) include such other provisions as we may require periodically. Excess and Surplus Lines insurance is not permitted for any of the types and amounts of coverages listed below, as may be modified by us from time to time. You shall agree to provide us with 30-days prior written notice of any material modification, cancellation, or expiration of any insurance policies we may require. Listed below are the types and minimum coverage amounts that are not currently included in the Master Insurance Program. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain any additional coverage as required by your state. We may also

designate different insurance coverage, endorsements, exclusions or amounts from time to time in our Operations Manual or amendments thereto.

PROPERTY INSURANCE:

Business Personal Property Replacement value of personal property Tenant Improvements and Betterments Replacement value of tenant improvements Business Income Coverage 50% of Annual Gross Revenue (2 or more Locations – Coverage written on a blanket basis WORKERS' COMPENSATION:

Workers' Compensation STATUTORY (with All States Broad Form)

Employer's Liability: STATUTORY (with All States Broad Form)

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA) and Multi-Unit Development Agreement (MUDA). It will help you find more detailed information about your obligations in the Franchise Agreement, MUDA, and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA: 4	7 and 11
b. Pre-opening purchases / leases	FA: 4	8
c. Site development and other pre-opening requirements	FA: 4; MUDA: 1, 2	6, 7 and 11
d. Initial and ongoing training	FA: 6	11
e. Opening	FA: 4; MUDA: 2	11
f. Fees	FA: 4.5, 5, 6.2, 6.4(7), 9.6, 9.14, 10.1, 10.4, 10.6, 12.3, 13.3, 13.6, 14.1, 15.4, 16.1, 19.8; MUDA: 6, 7, 9, 16, 19.4	5 and 6
g. Compliance with standards and policies / Operations Manual	FA: 6, 8, 9	11
h. Trademarks and proprietary information	FA: 6, 7, 8	13 and 14
i. Restrictions on products/services offered	FA: 6, 8, 9	16

Obligation	Section in Agreement	Disclosure Document Item
j. Warranty and customer service requirements	FA: 9.1	11
k. Territorial development and sales quotas	MUDA: 1, 2, 7, 9	12
l. Ongoing product/service purchases	FA: 9	8
m. Maintenance, appearance, and remodeling requirements	FA: 9.3, 9.4, 14.1	11
n. Insurance	FA: 4.3, 4.7, 9.9	6, 7 and 8
o. Advertising	FA: 4.9, 10	6 and 11
p. Indemnification	FA: 18.4.	6
q. Owner's participation/management/staffing	FA: 2.3, 2.4, 9.1; MUDA: 8	11 and 15
r. Records and reports	FA: 11	6
s. Inspections and audits	FA: 12	6 and 11
t. Transfer	FA: 13; MUDA: 15, 16	17
u. Renewal	FA: 14.1, 14.2	17
v. Post-termination obligations	FA: 16; MUDA: 10, 14	17
w. Non-competition covenants	FA: 2.2, 16.5, 16.6; MUDA: 13	17
x . Dispute resolution	FA: 19; MUDA: 19	17
y. Other	Not Applicable	Not Applicable

Item 10

FINANCING

Neither we nor any agent or affiliate of ours offers direct or indirect financing to you, guarantees any of your notes, leases or obligations, or has any practice or intent to sell, assign or discount to a third party all or part of any of your financing arrangements.

~~We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. We do not receive direct or indirect payments for placing financing.~~

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Franchise Agreement

Pre-Opening Assistance:

Before you open your Park, we will:

1. Instruct you in our Methods of Operation (Article 9);
2. Accept your choice of a location (Article 4.1.) though you are responsible for locating your site. The factors we consider regarding your choice of a location for your Park include general location and neighborhood, demographics, zoning, traffic patterns, parking, overall interior and exterior size, physical characteristics of the existing building and lease terms. There is no time limit within which we must accept or not accept the suggested site or any contractual consequences if we cannot agree on a site;
3. You will typically lease, sublease, or purchase a location from a third-party landlord. We will review and approve certain provisions of your lease for your location (Article 4.2.) however we will not help you negotiate your lease;
4. Provide you with general specifications and a general floor plan for your Sky Zone location (Article 4.4) though you are responsible for conforming the premises to local ordinances and building codes and obtain any required permits, and construct, remodel and decorate the premises. Note that you must work with your own architect to ensure that the layout of your space conforms with local ordinances and building codes and that your contractors are performing work in conformance with any architectural engineering (or similar) plans. We may review your plans, but our review is only for the purpose of ensuring that the space conforms with the Sky Zone System requirements, and we are not responsible for reviewing architectural or engineering plans (or similar plans) before or during construction;
5. Provide you with an initial training program (Article 6.1.). We do not help you hire your employees or provide them with training aside from the initial training program;
6. Provide you with lists of start-up inventory, furniture, fixtures, software, equipment, signs, and supplies, (Article 4.6.) but you must purchase such items yourself from approved suppliers; and

Ongoing Assistance:

During the operation of your business, we will:

1. Provide you with refresher training (Article 6.2.) though you are responsible for all other training and the hiring of your employees;
2. Provide you with general guidance on operating issues concerning the location, system standards, marketing programs approvals, etc. (Article 6.3.);
3. Provide you the Internet and telephone consultation (Article 6.4.);
4. Provide you with wholesaling services occasionally where we may ourselves act as an approved or designated source for products, merchandise, accessories, fixtures, furnishings, equipment, signs, etc. (Article 6.4.);
5. Provide you with ongoing marketing programs (not collateral) (Article 6.4.);
6. Provide you, at your cost and expense, with mandatory and optional meetings and seminars where we may get together with you and other Parkes for business or social purposes (Article 6.4.);
7. Provide you with research and development regarding our Methods of Operation (Article 6.4.);
8. ~~At our discretion, e~~Conduct mystery shopping services or inspections of your business (Article 9.10.); and
9. Provide you with access to the Master Insurance Program for so long as it is available to our franchisees (Article 9.9).

Multi-Unit Development Agreement

The Multi-Unit Development Agreement grants you the right to develop multiple Parks. However, for each Park, you will sign a separate Franchise Agreement. Therefore, we have no ongoing obligations such as training or operational assistance to you under the Multi-Unit Development Agreement. All ongoing and future obligations to you in opening your locations shall be provided in any Franchise Agreement between you and us, including our standard site selection criteria.

Franchise Site Selection

You select the site for your Park location. We will provide you with our standard site selection criteria or an on-site evaluation of your proposed sites, as we deem appropriate. You must verify to us that your site complies with our site selection criteria. If we do not accept a site you propose, you may propose another site. We do not select or endorse your site.

Before you lease or purchase any site for a Park location, you must submit to us certain information related to the site. We will review the site information and determine whether we approve or object to the site you propose. Factors we deem appropriate include the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other competing facilities, size, configuration, appearance, and other physical characteristics of the site. If you operate an existing trampoline park, you will already have a site for your Park location, subject to our approval before you sign a Franchise Agreement with us.

Opening

We estimate the time from the date you sign the Franchise Agreement to the date you open your Park location to be between 12 and 18 months. However, this time estimate may vary depending on numerous factors including, entitlements and permits, construction schedules and financing. You must sign a lease for a location we approve within 6 months of your signing the Franchise Agreement. If you and we can't reasonably agree on a suitable location for your franchise and you do not have a signed lease or purchase a location within 6 months of your signing the Franchise Agreement, we may terminate the Franchise Agreement, unless we have agreed with you to extend the amount of time for you to open the franchise location. Your Park location must be open and operating within 18 months after you sign the Franchise Agreement or we may terminate the Franchise Agreement and retain your Initial Franchise Fee.

You may open a Park under a MUDA only by signing a Franchise Agreement for that Park. You will sign a Franchise Agreement for the first Park at the same time you sign the MUDA.

Manual

During the term of the Franchise Agreement, we will allow you to access or borrow our then-current Manual. In our discretion, we may provide you the Manual in paper or electronic form. The information provided contains mandatory and suggested specifications, standards, operating procedures and rules that we prescribe from time to time for the operation of a Business and information relating to your other obligations under the Franchise Agreement and related agreements. We may modify the Manual from time to time to reflect changes in the law, marketplace or our Methods of Operation. The Manual and our Methods of Operations constitute confidential trade secrets and will remain our property. You agree to keep your copy of any bound operations manual and any information we share with you that is a part of our Methods of Operation and/or s Manual confidential pursuant to your confidentiality obligations set forth in the Franchise Agreement. You further agree to keep all such information secure whether hard copies located at the Business or by keeping all password protected electronic information secure. You agree that these requirements are reasonable and necessary to preserve the identity, reputation, value and goodwill of the system. (Franchise Agreement –Article 6.5).

A table of contents of the Manual, including allocation of pages to each subject, may be included as Exhibit D to this Disclosure Document. Currently, there are 312 pages in the Manual (excluding the Appendix).

Advertising

Advertising Fund

We have established an Advertising Fund to which you must contribute bi-weekly Advertising Fees in an amount equal to 2% of Gross Sales. The Advertising Fund may be used for advertising on television, radio, direct marketing mailings, the newspaper and for any tournaments or events that we feel are appropriate. We have the right to determine the type of advertising and the media in which it will appear. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. (Franchise Agreement – Article 10).

We reserve the right to increase or decrease the Advertising Fee upon at least thirty (30) days' notice to you, up to a maximum of 2.5%. We agree that all Advertising Fees will be used for the payment of all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs and for any taxes incurred on this Advertising Fund. In addition, the Advertising Fund can be used to pay administrative expenses, including, without limitation, material, services, salaries and overhead incurred by us or our Affiliates, in connection with administering the Advertising Fund.

You acknowledge that the Advertising Fund may not benefit you proportionately to the Advertising Fees you paid, that advertising may benefit some geographic areas more than others, and that we are not obligated to spend any amount on advertising in your area or other territories separate from the Advertising Fund. We do not have to spend the Advertising Fees during any specific time period. Advertising may be handled by the outside advertising agency which we select or in-house.

We will not use the Advertising Fund for the sale or attempted sale of new franchises.

We are under no obligation to continue selling or offering franchises. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. Unaudited financial statements of the Advertising Fund will be made available to franchisees annually on reasonable request. If we do not use all of the funds in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Advertising Fund to cover our administrative and overhead expenses associated with operating the Advertising Fund. All franchisees and any affiliate-owned Sky Zone Indoor Trampoline Parks will contribute to the Advertising Fund on an equal basis.

In the calendar year ending December 31, ~~2022~~2023, the Advertising Fund contribution was used as follows: (i) ~~76.5~~63.6% toward media, search engine, and social media marketing; (ii) ~~9.7~~11.3% toward content, asset creation and production; (iii) ~~4.8~~6% toward website maintenance and site creation; (iv) ~~8.7~~11.2% toward non-media (e.g., research, analytics, advertising professional services support); (v) ~~0.2~~7.1% toward administrative expenses; and (vi) ~~0.1~~0.8% toward other expenses.

Advisory Council

We have a Franchise Advisory Council (FAC) that works with us to improve the System, including the products and services offered, advertising campaigns, and other matters of interest to us and our franchisees. The FAC is made up of seven members from the franchise network. All franchise members of the council are nominated by and voted for by the franchisees on a global basis (not based on geography). For further information about the FAC membership, please see FAC bylaws. We will have the right to form, change, merge or dissolve any advisory council at any time.

Grand Opening Advertising

In addition to the other advertising expenditures you must make, you must conduct a grand opening advertising and sales promotion program for your Park and you must spend a minimum of \$25,000 for this program. You must spend 50% of the Grand Opening Advertising Amount before your Park opens for business and the remainder during the first month of operations. You must also provide to us, within three months after the opening of the Park, proof of your grand opening advertising and sales promotion expenditures in the form, and including the details and copies of the advertising and materials and receipts, as we request. (Franchise Agreement – Article 4.9).

Your Own Advertising

You must spend certain amounts for advertising and promotion of your Park in addition to the Grand Opening Advertising described above and the required Advertising Fund contributions. In the second, third and fourth month in which your Park is open, you must spend a minimum of \$12,000 per month on local advertising (depending on the size of your Park and its location). After your fourth month, you must spend a minimum of 4% of your Park's monthly Gross Sales on local advertising on a quarterly basis. (Franchise Agreement – Article 10.5).

We currently have a third-party mandatory marketing platform for all approved marketing resources. You must have proof of your expenditures if we request to review your books and records. If you develop advertising for your own use, you must submit it to us for our prior consent at least 20 days before you plan to use them. Unless we notify you that the proposed materials are disapproved, the materials are considered approved. You may not advertise or use the Marks in advertising or other form of promotion without the appropriate copyright, trademark, and service mark registration symbols for those Marks which are registered, nor may you use them in a manner which would misuse or dilute the Marks or damage the goodwill associated with the Marks. All advertising and promotional materials you use must be completely factual, comply with all applicable laws and conform to the highest standards of ethics and quality. We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and our Website address and telephone number.

We or our Affiliates ~~may, in our sole discretion,~~ [have the right to](#) establish and operate websites, social media accounts (such as Facebook, Twitter, LinkedIn, Yelp, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or

other means of digital advertising on the Internet or any electronic communications network (collectively, “**Digital Marketing**”) that are intended to promote the Marks, your Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Business. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Business or the network. You may not separately register any domain name, create any username, or operate any web site containing any of the Marks without our written approval. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. We may withdraw our approval for any Digital Marketing at any time. (Franchise Agreement – Article 10.8).

Advertising Cooperatives

There are currently no advertising cooperatives. We have the right to establish or approve local and/or regional advertising cooperatives for businesses in your local or regional areas, covering such geographical areas as we may designate from time to time. Each cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine in advance. You must participate in any such cooperative and its programs and abide by its by-laws. If your business is within the territory of an existing cooperative at the time your business opens for business, you must immediately become a member of the cooperative as will all businesses, franchised or company-owned, which are located in such territory. If a cooperative applicable to your business is established during the term of our Franchise Agreement, you must become a member no later than 30 days after the date approved by us for the cooperative to commence operation.

Computer System

You must use in the development and operation of the Park the management system and computer hardware and software and related technology designated by us, including without limitation, features such as redundant, high-speed broadband connectivity, high-speed broadband monitoring, methods and means of encryption and access to our network resources, and other internet based technology and peripheral devices that we specify from time to time (the “Technology System,” which includes all the components described in this Computer System section).

~~You must obtain, maintain, and use the Technology System that we specify in your Business.~~ You must use the Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) create membership contracts; (v) generate sales reports and analysis relating to the Business, (vi) manage waivers, and (vii) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. The standard package of both hardware and software includes on-

site installation, training, technical support for the first year and 3-year warranty on the hardware. The hardware components in this package ~~typically range from \$41,000 to \$53,000, while~~ and the initial costs associated with the required software ranges from ~~\$7,500~~ \$60,000 to ~~\$10,000~~ \$80,000. The hardware currently includes networking equipment; 2 back-office computers; 9-11 POS, Party-Check-in & Cafe Stations; 1 Waiver Station; receipt printer; cash drawers; credit card terminals; and barcode scanner. The software currently includes a web-hosted POS platform application. All are required purchases. We estimate that the annual fees for maintenance and technical support will be between \$11,000 to \$15,000.

Neither we nor any of our affiliates will provide you with any ongoing maintenance, repairs, upgrades or updates for the Technology System. You are required to purchase maintenance from the POS Software provider and continue to keep this maintenance current.

You must also purchase and install a surveillance camera system for your building security, unless applicable law does not permit you to install a surveillance camera system. ~~We may require you to purchase this system from an approved vendor.~~ Prices range from \$47,261 to \$54,435. Your surveillance system must be in good working order at all times and must cover all angles of your trampoline courts and the park (inside and out). Additionally, the system must contain 365 days of storage capacity. All recorded injuries must be downloaded and retained separately, and a copy of the video must be provided to us on our request.

We may add, remove, or modify components of the Technology System periodically and may designate approved suppliers or specifications for such items. As of the date of this Disclosure Document, the following are included as part of the Technology System: (i) Roller – POS; (ii) Ryze - digital AV content; (iii) Control Play – streaming music; (iv) Go-to Connect – phones; and (v) Communication Tools - Microsoft - @skyzone.com email, Power BI, and Sharepoint. You must replace, upgrade, or update at your expense the Technology System as we may require periodically without limitation. You may be required to invest in and implement new technology initiatives at your own expense, which may include changes related to the acceptance of new payment methods, monitors, music, Internet TV broadcast, software management applications, surveillance systems, e-learning modules, and software applications designed to better manage business functions and control costs. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements. There is no limitation in the Franchise Agreement on either our right to require you to obtain updates or upgrades or the cost of any updates or upgrades.

The types of business information which will be collected by the POS System will be sales reports, scheduling of events and programs, labor functions, all on a daily, weekly and monthly basis. It will also include gathering guest information. In addition, the POS System can provide customized reports if we request this information. We will have the right to have independent access to all information or data in the POS System and the surveillance system, and there are no limitations on our rights to do so. We will also have the right to use and publish the information we collect from your POS System ~~in our discretion~~, including for purposes of disclosure in our Franchise Disclosure Document. We are not obligated to provide or to assist you in obtaining the above item or services. In the future, you may be required to change, upgrade or modify the type of computer hardware and software you must use at your expense.

Training

All the designated training for franchisees is mandatory and must be completed to our satisfaction after you have signed the Franchise Agreement and before you are approved by the Operations team to open your Park. If your Management Team and/or Operating Principal Owner (as described below) fail to complete the training program to our satisfaction, we may elect to postpone the opening of the Park or terminate the Franchise Agreement and keep the entire Initial Franchise Fee. If you currently operate a Sky Zone Park, the training program is required for any additional Parks you commit to open and for new management hired for your existing parks (management turnover).

We will provide an initial training program for the operation of the Park for your Operating Principal Owner and up to three members of the Park management team. You must hire, train and maintain a sufficient number of managers so that there is a manager on duty during all Park operating hours. The initial training program will take place at one of our Sky Zone Training Parks and will last anywhere from seven (7) to twenty-one (21) days. We do not charge for the initial training program, but you must pay for the wages, travel, and living expenses for you and your employees. Training will be conducted for your Management team members and Operating Principal Owner after the Franchise Agreement has been signed and while your Park is being developed. In the event you are purchasing an existing operating Park, the Operating Principal Owner is required to attend training ~~either before the purchase is complete or immediately thereafter, not to exceed 30 days post purchase~~. Training is provided on a regular basis and a training schedule is provided on our intranet. Additional training requirements may be added to the schedule on an as-needed basis. You must open the Park with the minimum approved managers (as outlined above) that have completed and been certified as having completed our training program. If there are not the minimum certified managers in place you will not be allowed to, or approved to, open the Park.

We will, at our expense, also provide on-site, opening assistance, consisting of at least one (1) to two (2) persons, for a minimum period of five (5) days at your Park's location when it opens. Even if you currently operate a Sky Zone Park, the initial training and the on-site opening assistance is mandatory.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING		HOURS OF ON-THE-JOB TRAINING	LOCATION
	eLearning Hours	Experience Hours		
Sky Zone Culture & Core Values	0.5	5.0	1.0	Sky Zone University (Online) & In-Park
Park Ops & Programming Overview	0	1.5	1.0	Training Park
Front-line team member & the Guest Experience	1.0	4.0	4.0	Sky Zone University (Online) & Training Park

SUBJECT	HOURS OF CLASSROOM TRAINING		HOURS OF ON-THE-JOB TRAINING	LOCATION
	eLearning Hours	Experience Hours		
Sales Associate, Memberships & the Guest Experience	1.0	4.0	4.0	Sky Zone University (Online) & Training Park
Events & the Guest Experience	1.5	5.0	4.0	Sky Zone University (Online) & Training Park
MOD & the Guest Experience	0	4.0	2.0	Training Park
MOD Rotations	0	1.0	3.0	Training Park
Interpersonal Communication for Managers	0	1.0	1.0	Training Park
Hiring Team Members	0	3.0	1.0	Training Park & Your Park
Training Team Members	0	3.0	1.0	Training Park & Your Park
Retaining Team Members	0	1.5	1.0	Training Park & Your Park
Risk Management	1.0	3.0	1.0	Sky Zone University (Online), Training Park & Your Park
Service Recovery (H.E.A.R.T.)	1.0	1.0	1.0	Sky Zone University (Online), Training Park & Your Park
Sales Basics	1.0	2.0	3.0	Sky Zone University (Online), Training Park & Your Park
TOTAL	7.0	40+	27+	

* Note that some subjects may be combined, and time periods and subject matter may be subject to change. The hours listed for On the Job will typically include more than one subject matter. It is the nature of this business that all aspects of training are integrated. The above are merely estimates.

The training programs are managed and provided by our professional training team. The minimum experience of our training team and the instructors in the field that is relevant to the subject taught and our operations will typically be two (2) years. [The Director of Training & Development has a team of experienced trainers who have at least two years of training and development experience as well as operations experience.](#)

We may also provide refresher programs ~~to experienced managers~~. These programs are not mandatory at this time but may be in the future. If you hire a new manager, this manager must satisfactorily complete the training program before managing your Park. We may charge a

reasonable fee for the training, and you must pay for the employee's travel, lodging, meals, personal expenses, and salary. We may elect to charge a reasonable fee for any training provided after the opening of the Park. You or your employees must pay the compensation of the trainee as well as the trainee's travel, lodging and personal expenses. The location, duration, and content of these programs have not been determined yet.

Item 12

TERRITORY

The Franchise Agreement grants to you the right to own and operate a Park at a specific location. The Multi-Unit Development Agreement grants you the right to develop multiple Parks at specific locations under our then-current site criteria. You may not conduct the business of your Park at any site other than the premises or relocate your Park without our prior written consent. The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises. The Multi-Unit Development Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

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. You will receive a Protected Territory, except for the circumstances set forth below. Whether you are a single unit franchise or a Multi-Unit Developer, your territory will be delineated at the time you sign your Franchise Agreement or Multi-Unit Development Agreement and shall be based on zip codes or metes and bounds or other territory delineations we may utilize. Typically, but not in all cases, each Protected Territory granted under a Franchise Agreement will encompass a population of at least 150,000 people. If you sign a Multi-Unit Development Agreement, you will receive multiple Protected Territories that typically each will encompass a population of at least 150,000 people. We use third party analytics tools (currently Buxton Analytics, but we have the right to use other sources or add additional analytics tools) for purposes of determining population density. We will mutually agree on the Protected Territory at the time you sign the Franchise Agreement or the Protected Territories at the time you sign the Multi-Unit Development Agreement and maintaining exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency or circumstances. We reserve the right to modify a Protected Territory provided the modified Protected Territory encompasses a population of at least 100,000 people. If you want to relocate your location, we will evaluate your suggested new location in the same way as we evaluate requests for new locations. If you want to open another location, you will have to apply to us to enter into another Franchise Agreement with us and if you want to acquire rights to develop several new locations you will have to apply to us to enter into a Multi-Unit Development Agreement.

Specifically, except for rights expressly granted to you under your Franchise Agreement or your Multi-Unit Development Agreement, we retain all our rights with respect to the Marks, the System and Parks anywhere in the world, and the right to engage in any business whatsoever, including the right to do the following:

1. operate, and grant to others the right to operate, Competitive Businesses offering similar or identical products, services, and classes and using the System or elements of the System

(a) under the Marks anywhere outside of your Protected Territory or (b) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Protected Territory;

2. offer to sell, or sell and distribute, any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, anywhere through any distribution channels or methods, which may include retail stores, wholesale, and the Internet (or any other existing or future form of electronic commerce); and

3. acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere, including in the Protected Territory, (a) permit the other businesses to continue to operate under another name, and/or (b) permit the businesses to operate under another name and convert existing Parks to such other name.

Our affiliate, Rockin' Jump Franchise, LLC, no longer offers Rockin' Jump franchises for indoor trampoline parks and entertainment facilities, and our affiliate House of Trix, LLC, no longer offers Defy franchises for indoor trampoline and active entertainment facilities. However, existing Rockin' Jump and Defy parks may exist within your Protected Territory. And, under brands other than Sky Zone, we may open company-owned and operated parks ourselves or through affiliates, anywhere, including in your Protected Territory, and we may solicit or accept orders within your Protected Territory. The corporate address of Rockin' Jump Franchise, LLC, and House of Trix, LLC, is ~~5875 Arnold Road, Dublin, California 94568~~ [86 N. University Avenue, Suite 350, Provo, Utah 84601](#). There is no formal arrangement in place for resolving conflicts between trampoline parks, including Parks, that we and our affiliates operate and trampoline parks, including Parks, that our and our affiliates' franchisees operate, regarding territory, customers, and franchisor support. If conflicts arise, we will resolve them as we deem appropriate.

There is no restriction on us or any other party to solicit or accept orders from inside your Protected Territory, and we are not required to pay you any compensation for such solicitations. We may use other channels of distribution, such as the Internet, catalog sales and other direct marketing sales and such channels of distribution may be used by us in your Protected Territory, both using the Marks and other trade and service marks.



You may not use the Internet, catalog sales or other direct marketing for the sale of Sky Zone branded merchandise or any products or services other than for the sale of jump times and parties. In addition, you may not use, reference, or promote the Sky Zone Marks or System in connection with any current or future form of social media networks or platforms, including, without limitation, Facebook, Twitter, LinkedIn and so on without our prior approval and only in conformance with our Methods of Operation.

Item 13

TRADEMARKS

We will grant you the right to operate your Park under the name of "Sky Zone". You may also use our other current or future Marks to operate your Park if we permit you to do so.

Our affiliate, Sky Zone, LLC, has applied for, registered, or been assigned ownership of the following principal trademarks and service marks, which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Application Date	Serial Number	Registration Date	Registration No.
SKY ZONE	7/8/1996	75/132,259	3/31/1998	2,148,279
SKY ZONE	11/26/2013	86/130,005	8/5/2014	4,579,253
SKY ZONE	5/24/2018	87/908604	6/2/2020	6,070,008
SKYROBICS	1/31/2005	76/630,088	8/1/2006	3,122,435
	3/24/2008	77/430,248	10/21/2008	3,520,145
SKY CLIMB	6/24/2015	86/673575	5/9/2017	5,200,587
SKY CLIMB	2/15/2017	87/336789	9/19/2017	5,349,117
SKYMANIA	10/10/2005	78/729,809	10/17/2006	3,157,653
SKY SOCKS	7/3/2013	86/001,855	9/9/2014	4,602,835
	5/20/2021	90/724,866	5/21/2022	6,743,821
ULTIMATE DODGEBALL	6/27/2019	88/492229	8/4/2020	6,116,141
SKYFIT	6/19/14	86/315,360	10/28/2014	4,628,886
SKY HOOPS	2/20/2015	86/540831	5/24/2016	4,965,857
FUEL-ZONE	3/8/2017	87/363272	9/5/2017	5,281,388
LITTLE LEAPERS	4/10/2017	87/405176	9/29/2020	6,164,399

Neither we nor Licensing has any state registrations, nor have we or Licensing filed for any state registration for the above Marks or any other marks. Licensing intends to make all applicable filings to retain its rights in the Marks. Licensing has filed all required affidavits and renewed its registration for the SKY ZONE Mark.

We have entered into a license agreement effective January 1, 2009, with Licensing for a 50-year term. The License Agreement grants us the right to use, promote and license the Marks in connection with the grant of franchises to franchisees. If there is a default that is not cured under this license agreement between Licensing and us, you will still be able to use the Marks and System until the end of the term and any renewal term of your Franchise Agreement. There are no other agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

You must follow our rules and our quality control standards when you use the Marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or

symbols except for those which we license to you. You must also operate your franchise in a high-quality manner and adhere to all applicable laws and regulations. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You cannot use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name or in the content of any Worldwide Website. You will not register or attempt to register any of the Marks (or any marks or names confusingly similar to the Marks).

~~Sky Zone, LLC filed Opposition Proceeding No. 91208346 in the Trademark Trial and Appeal Board on December 7, 2012, under the caption and style Sky Zone, LLC v. Jump Sky Park, LLC. On March 20, 2013, the TTAB issued a judgment by default sustaining the opposition and registration to Jump Sky Park, LLC was refused. Other than this action, we are not aware of any effective material determinations of the USPTO, the TTAB, the trademark administrator of any state or any court in the United States regarding the Marks. In addition to the foregoing, we have sent "Cease and Desist" letters to multiple companies that we believe are infringing on our Marks and we will continue to vigorously defend our Marks.~~

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We will have the sole discretion to act as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge or claim. You must sign all instruments and documents, provide any assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

You agree that, neither during nor after the term, will you challenge any of our Marks or any applications or registrations relating thereto.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

We do not actually know of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks in any state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We and our affiliates do not own any patents or copyrights that are material to the franchise. As of the date of this disclosure document, there are no ~~p~~Patents or ~~e~~Copyrights registered or pending, and no patent applications that are material to the franchise. "Patents" means any patents as may presently or in the future exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Sky Zone Indoor Trampoline Parks. "Copyrights" means any work entitled to copyright protection we license to you for use in

connection with the operation of the Sky Zone Indoor Trampoline Parks and for which we or our affiliates claim copyright protection.

We and our affiliates have copyright rights in the Copyrights. Although neither we nor any of our affiliates have filed an application for a copyright registration for these materials, we and our affiliates have copyright rights and the information is proprietary. Item 11 describes limitations on the use of the Manual by you and your employees.

There are currently no effective determinations for any material proceeding and no pending infringement, opposition or cancellation proceedings pending in the USPTO or the United States Copyright Office. We do not have any pending or concluded litigation involving any active patents or pending patent applications that are material to the Park or the franchise offering that must be disclosed in this Item.

We do not actually know of any infringement of the patents or copyrights that could materially affect a franchisee. We need not protect or defend our patents or copyrights, although we intend to do so if it is in the franchise system's best interest. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify for damage or expenses in a proceeding involving a patent or copyright.

You must notify us immediately of any apparent infringement or challenge to your use of the Intellectual Property. We will have the sole discretion to act as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge, or claim. You must sign all instruments and documents, provide any assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in any Intellectual Property. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any Intellectual Property or if the proceeding is resolved unfavorably to you.

If we decide to (a) modify or discontinue the use of certain Intellectual Property associated with the franchised business, and/or (b) use one or more additional or substitute Intellectual Property, you must make the changes at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

You acknowledge that the System and the methods of operation licensed by us for the operation of a Sky Zone Indoor Trampoline Park are proprietary, confidential trade secrets of ours, and you will maintain the confidentiality of all materials and information lent or otherwise always furnished to you by us, including after the termination or expiration of the Franchise Agreement, for any reason.

In addition, you shall not, during the term of the Franchise Agreement (other than as necessary to operate the Park) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You also must exercise the highest degree of diligence

and to make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement.

The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning the Park, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. If any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignments or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

You agree that, neither during nor after the term, you will not challenge any of our Intellectual Property or any applications or registrations relating thereto.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or your Responsible Person) agree to personally manage and operate the franchise and will not, without our prior written consent, delegate your (or your Responsible Person’s) authority and responsibility with respect to management and operation. You agree that you (or your Responsible Person) will always faithfully, honestly, and diligently perform the obligations hereunder and continuously exert best efforts to promote and enhance the franchise. Each of your Owners must jointly and severally be bound by the terms of the Franchise Agreement and personally guarantee your (or your Responsible Person’s) performance.

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in “Appendix A” to the Franchise Agreement or Exhibit “C” to the Multi-Unit Development Agreement a “Responsible Person,” who is an individual approved by us who: (a) has the authority to bind you regarding all operational decisions with respect to your Park; and (b) has completed our training program to our satisfaction.

You (or your Responsible Person): (a) must exert best efforts to the development and operation of your Park and all other Parks you own; and (b) absent our prior approval, may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under the Franchise Agreement. Your Park must be managed by you (or your Responsible Person) or by a manager or shift supervisor who has completed our training program to our satisfaction. Your Responsible Person or manager need not have an equity interest in the franchise.

As more fully described in the Franchise Agreement, you (or your Responsible Person) must implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of confidential information. These procedures include the use of nondisclosure agreements with your owners, officers, directors, managers, assistant managers, and your Responsible Person. You and your owners must deliver these agreements to us. Aside from

requiring your Responsible Person, managers or shift supervisors to sign nondisclosure agreements, we do not currently require you to place any other restrictions on your Responsible Person, managers or shift supervisors. At the end of the term of a Franchise Agreement, you must deliver to us all confidential information.

If you or one of your affiliates have entered into a Multi-Unit Development Agreement with us and are entering into a Franchise Agreement under that Multi-Unit Development Agreement, and you are a business corporation, partnership, limited liability company or other legal entity, you must be at least 51% owned or controlled by a person or group of people that has at least a 51% ownership interest in and voting control of the entity that signed the Multi-Unit Development Agreement, except as we approved in writing in our business judgment. We have the right to approve in advance your ownership structure.

If you are a partnership, corporation, limited liability company or other legal entity, any person who has greater than a 10% interest in you must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement. Copies of these guarantees are contained in Appendix B of the Franchise Agreement and Exhibit “B” of the Multi-Unit Development Agreement, which are attached to this Disclosure Document. We do not currently require the spouses of owners to sign a personal guarantee.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer only the products and services we have approved in writing. You must offer all services and products that we designate as required for franchisees. There are no limits on our right to make modifications to the approved products and services periodically listed in the Operations Manual. Any failure to comply with our Methods of Operation or Operations Manual may result in termination of your Franchise Agreement. You may use only marketing and promotional materials that we have approved. You are not limited in the type of customers to whom you may sell approved products or services.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	3.1	10 years.
b. Renewal or extension of the term	14	A successor franchise may be granted for a period of 10 years if you meet our conditions.

Provision	Article in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	14.1	Deficiencies are corrected within a reasonable cure period we specify; you have substantially complied with the Franchise Agreement; you remodel or relocate the Park; you provide us not less than 6 months nor more than 12 months' notice prior to expiration; you pay successor initial franchise fee; and may be required to sign a Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	15.1	Subject to state law, you may terminate the agreement 30 days after we materially fail to comply with Franchise Agreement after 60-day cure period.
e. Termination by franchisor without cause\	Not Applicable	
f. Termination by franchisor with cause	15.2, 15.3	We can terminate only if you commit one of several violations.
g. "Cause" defined – curable defaults	15.3	Suit to foreclose any lien or mortgage not dismissed within 30 days; failure to comply with cleanliness or sanitation standard not corrected within 24 hours; failure to pay us or affiliates or suppliers within 30 days of due date; and failure to comply with any offer provision of Franchise Agreement within 30 days of notice of failure to comply.
h. "Cause" defined – non- curable defaults	15.2	We can terminate upon delivery of notice of termination for insolvency, if you are adjudicated bankrupt, if you file a petition for bankruptcy, have a receiver appointed, if you make a general assignment for the benefit of your creditors; abandonment of Park; unauthorized Transfer; material misrepresentation in connection with purchase of franchise; termination of right to occupy premises; conviction of a felony or crime involving consumer fraud or moral turpitude; unauthorized disclosure of Confidential Information; underreporting of Total Gross Revenue repeated violations; failure to pay taxes; and violation of covenants not to compete.

Provision	Article in Franchise Agreement	Summary
i. Franchisee's obligations on termination/ nonrenewal	16	Pay us what you owe us, including liquidated damages, cease using the Marks and System, and follow our termination procedures, including de-branding your location, cancel any assumed name registrations and stop using our Confidential Information.
j. Assignment of contract by franchisor	13.1	Fully transferable by us.
k. "Transfer" by franchisee - defined	1.2	A transfer includes the direct or indirect sale, assignment, transfer, grant of a security, or other disposition of the Franchise Agreement, any form of ownership interest in you or the assets, including any merger or transfer because of a divorce, insolvency, dissolution or otherwise by operation of law, by reason of death or foreclosure.
l. Franchisor's approval of transfer by you	13.2, 13.4	All transfers require our approval, except that you may transfer the Franchise Agreement to an entity wholly owned and controlled by you.
m. Conditions for franchisor approval of transfer	13.3	The conditions include the character, aptitude and experience of the transferee, you having paid all amounts owed, transferee and others completing initial training and accepting the terms of the Franchise Agreement or signing our then current form of franchise agreement, you pay a transfer fee in the amount of 50% of the then-current franchise fee, you (and your Owners) sign a general release, we approve the general terms of the transfer
n. Franchisor's right of first refusal to acquire franchisee's business	13.8	For all third-party bona fide offers.
o. Franchisor's option to purchase franchisee's business	16.4	60-day option upon termination or expiration of the Franchise Agreement
p. Death or disability of franchisee	13.5	Treated as a transfer
q. Non-competition covenants during the term of the franchise	1.2, 17.1	Subject to state law, no direct or indirect involvement in the operation of any Competitive Business or diversion of customers or solicitation of employees.
r. Non-competition covenants after the franchise is terminated or expires	17.2	Subject to state law, no direct or indirect involvement in the operation of any Competitive Business for 2 years after termination, expiration, or transfer at the Location, within 15 miles of the Location, or within 15 miles of any other

Provision	Article in Franchise Agreement	Summary
		Park.
s. Modification of the agreement	19.24	Requires consent of both parties and must be in writing
t. Integration / merger clause	19.22, 20.5	Oral statements not binding. Franchise Agreement is the entire agreement. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	19.11	Subject to state law, all disputes resolved by mediation and arbitration except for actions for declaratory or equitable relief and actions in ejectment or for possession of any interest in real or personal property.
v. Choice of forum	19.11(b)	City closest to our then current headquarters (currently, Dublin, California <u>Provo, Utah</u>) (subject to applicable state law).
w. Choice of law	19.12	Missouri (subject to applicable state law).

MULTI-UNIT DEVELOPMENT AGREEMENT

This table lists certain important provisions of the Multi-Unit Development Agreement. You should read these provisions in the Multi-Unit Development Agreement attached to this Disclosure Document.

Provision	Section in Agreement	Summary
a. Length of the term of the franchise	3	The opening of the last Business listed under the Multi-Unit Development Agreement unless sooner terminated.
b. Renewal or extension of the term	Not Applicable.	You do not have the right to renew or extend the Multi-Unit Development Agreement.
c. Requirement for franchisee to renew or extend	Not Applicable.	You do not have the right to renew or extend the Multi-Unit Development Agreement.
d. Termination by franchisee	Not Applicable.	Not Applicable.
e. Termination by franchisor without cause	Not Applicable.	We will not terminate the Multi-Unit Development Agreement without cause.
f. Termination by franchisor with cause	9, 10	We can terminate the Multi-Unit Development Agreement if you default

Provision	Section in Agreement	Summary
		or fail to comply with your obligations.
g. “Cause” defined – curable defaults	9	If you fail to comply with the Development Schedule or with other terms of the Multi- Unit Development Agreement, you will have (30) days to cure after receiving notice from us.
h. “Cause” defined – non-curable defaults	9	Termination of a Franchise Agreement.
i. Franchisee obligations on termination/non-renewal	14	All development rights revert to us.
j. Assignment of contract by franchisor	15	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	16	Transfer or conveyance of rights under the Agreement or in the ownership of the entity that is a party to the Multi-Unit Development Agreement with us.
L. Franchisor approval of transfer by you	16	You must obtain our consent and transfer all rights under all agreements with us.
m. Conditions for franchisor’s approval of transfer	16	You must obtain our consent and transfer all rights under all agreements with us; pay us the transfer fee; comply with all specified and agreed upon conditions.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	Not Applicable
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	13.1	No direct or indirect involvement in the operation of any Competitive Business other than the business authorized in the Multi-Unit Development Agreement, no diversion of customers or solicitation of employees.
r. Non-competition covenants after the franchise is terminated or expires	13.2	No direct or indirect involvement in a Competitive Business for 2 years (i) within the Development Area, (ii) within 15 miles of any Park developed by you, or (iii) within 15 miles of any other Park.
s. Modification of the Agreement	27	Any modification must be in writing and signed by both parties
t. Integration/merger clause	26	Only terms of the Multi-Unit Development Agreement are binding. Any promises not contained in the Multi-Unit Development Agreement,

Provision	Section in Agreement	Summary
		Franchise Agreement or the Disclosure Document may not be enforceable. Notwithstanding the foregoing, nothing in any Multi-Unit Development Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	19	All disputes resolved by mediation and arbitration except for actions for actions for declaratory or equitable relief and actions in ejectment or for possession of any interest in real or personal property.
v. Choice of forum	19, 21	City closest to our then current headquarters (currently, Dublin, California <u>Provo, Utah</u>) (subject to applicable state law).
w. Choice of law	20	Missouri (subject to applicable state law).

Item 18

PUBLIC FIGURES

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

Item 19

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~This Item 19 includes financial results from our 2022 Fiscal Year, which is the period from January 1, 2022 through December 31, 2022, our 2021 Fiscal Year, which is the period from January 1, 2021 through December 31, 2021, and our 2020 Fiscal Year, which is the period from January 1, 2020, through December 31, 2020.~~

2022 Fiscal Year

This Item includes certain information about Gross Sales and EBITDA for franchisee and corporate-owned Sky Zone Parks in the United States during the 12-month period ended December 31, 2023 (the "2023 Fiscal Year" or the "Reporting Period"). As used in this Item, "Gross Sales"

has the same meaning as in the Franchise Agreement; that is, the total amount of all sales of products, services, programs, merchandise, food, and beverages, sold from, through or in connection with the Park, whether for cash, on credit, barter or otherwise and exclusive of applicable sales, use or service taxes.

1. MODEL PARKS

Part 1 of this Item sets forth certain Gross Sales and EBITDA information for Model Parks, a subset of all franchisee-owned Sky Zone Parks. As used in this Item, “Model Parks” refers to franchisee-owned Parks that have (i) at least 25,000 square feet of space and (ii) 4 or more private party rooms.

~~Franchisees operated 145 Parks as of December 31, 2022, the last day of our 2022 Fiscal Year. One Park opened after January 1, 2022, so they did not operate for the entire 2022 Fiscal Year. This financial performance representation describes the actual, historical average Gross Sales, for the 2022 Fiscal Year for the 144 franchisee-owned Parks that operated for the entire 12 months of the 2022 Fiscal Year (the “2022 Parks”). Franchisees closed two Parks during the 2022 Fiscal Year, all of which had operated for more than 12 months before closing.~~

~~2022 Parks—Annual~~ Table 1A: Gross Sales for 2022 Fiscal Year (1)

Model Parks						
	# of Parks	Average Unit Volume	#/% Exceeding Average	Highest AUV	Lowest AUV	Median AUV ¹
2022 Parks	144 <u>Average Gross Sales</u>	\$2,205,058.13	61	\$6,166,468.42	\$383,233.78	\$2,035,718.76 <u>2,894,787</u>
<u>#/% Met or Exceeded Average</u>						<u>15 / 48%</u>
<u>Maximum Gross Sales</u>						<u>\$6,256,721</u>
<u>Minimum Gross Sales</u>						<u>\$1,350,657</u>
Top Third	48 <u>Median Gross Sales</u>	\$3,180,143.08	14	\$6,166,468.42	\$2,446,572.84	\$2,991,793.10 <u>2,878,874</u>
<u>Average # of Party Rooms</u>						<u>4.2</u>
Middle Third	48 <u>Average # of Square Feet</u>	\$2,079,083.42	22	\$2,439,168.00	\$1,818,740.15	\$2,035,718.76 <u>31,226</u>
Bottom Third	48	\$1,355,947.89	31	\$1,790,331.63	\$383,233.78	\$1,453,633.23

~~2021 Fiscal Year~~

Notes to Table 1A

~~Franchisees operated 118 Parks as of December 31, 2021, the last day of our 2021 Fiscal Year. One Park opened after January 1, 2021, so they did not operate for the entire 2021 Fiscal Year. This financial performance representation describes the actual, historical average Gross~~

~~Sales, for the 2021 Fiscal Year for the 117 franchisee-owned Parks that operated for the entire 12 months of the 2021 Fiscal Year (the “2021 Parks”). Franchisees closed one Park during the 2021 Fiscal Year, all of which had operated for more than 12 months before closing. Due to COVID-19, state and local government mandated closures, multiple Parks were closed for significant periods during the 2021 Fiscal Year. Of the Parks closed during the 2021 Fiscal Year that have since reopened, the period of closure ranged from 2 to 39 weeks. Most Parks that reopened operated under reduced capacity government mandates for extended periods of time.~~

Note 1. Table 1A includes historical Gross Sales data for the 31 Model Parks that were open and operating as of December 31, 2023 and that reported Gross Sales and EBITDA information for the Reporting Period. As of December 31, 2023, there were 126 franchisee-owned Sky Zone Parks in the United States. 33 of those Parks had at least 25,000 square feet of space and 4 or more private party rooms, meeting the criteria for Model Parks. Of those 33 Model Parks, 2 were excluded because they were not open for 12 months as of December 31, 2023.

Table 1B: EBITDA

<u>Model Parks</u>			
	<u>Average</u>	<u>Median</u>	<u># / % Met or Exceeded Average</u>
<u>EBITDA¹</u>	<u>\$836,312</u>	<u>\$761,384</u>	<u>14 / 45.2%</u>
<u>EBITDA %²</u>	<u>28.9%³</u>	<u>28.0%⁴</u>	<u>15/ 48.4%</u>

Notes to Table 1B

Note 1. “EBITDA” means the earnings before interest, taxes, depreciation, and amortization. As is customary, it excludes expenses related to debt services costs, whether principal or interest. The following categories of expense items were subtracted from Gross Sales as part of the Parks’ EBITDA calculations:

<u>Expense Category</u>	<u>Notes</u>
<u>Cost of Goods Sold (“COGS”)</u>	<u>Includes the total cost of all food, beverages, merchandise, and other costs related to products and services sold by the Parks, including distribution and delivery costs.</u>
<u>Occupancy Expenses</u>	<u>Includes rent (including both minimum rents and percentage rents), utilities (e.g., electricity, gas, water, cable, internet, telephone), real estate taxes and assessments levied against the property upon which the Park is located, and other pass-through expenses from the landlord, and any sales or other taxes imposed thereon and any pass-through expenses from the landlord</u>
<u>Advertising Expenses</u>	<u>Includes the Parks’ contributions to the National Advertising Fund as well as other digital and non-digital advertising, promotional and local marketing expenses for the Parks</u>
<u>Payroll Expenses</u>	<u>Includes personnel wages, management salaries, benefits and payroll taxes. Excludes owner’s compensation.</u>
<u>Insurance</u>	<u>Includes cost of the Sky Zone Master Insurance Program (providing general liability coverage to the Parks), property liability and workers compensation.</u>

<u>Expense Category</u>	<u>Notes</u>
<u>Other Costs</u>	<u>Includes royalty fees, repairs & maintenance, processing fees, and other minor expenses</u>

Note 2. “EBITDA %” means EBITDA as a percentage of Gross Sales.

Note 3. Average EBITDA % is the amount equal to the Average EBITDA for the group of 31 Model Parks measured divided by the Average Gross Sales for the group.

Note 4. Median EBITDA % is the amount equal to the midpoint value of the 31 separate EBITDA % amounts determined for the individual Model Parks measured.

2. Franchisee-Owned Parks (System-Wide)

Part 2 of this Item sets forth certain Gross Sales and EBITDA information for all franchisee-owned Parks in the United States (inclusive of Model Parks), broken into quartiles by Park size (square footage).

As of December 31, 2023, there were 126 franchisee-owned Sky Zone Parks open and operating in the United States. Part 2 of this Item sets forth Gross Sales and EBITDA information for 101 franchisee-owned Sky Zone Parks in the United States, excluding (i) 16 Parks that did not report expense & EBITDA information for the full Reporting Period, (ii) 4 Parks that were not open for 12 months as of December 31, 2023, (iii) 4 Parks that completed rebrands from the Defy or Rockin’ Jump brands to Sky Zone during the Reporting Period, and (iv) 1 additional Park was excluded because it was not open continuously during the Reported Period (temporary closure of more than four consecutive weeks).

~~2021 Parks—Annual~~ Table 2A: Gross Sales **~~for 2021 Fiscal Year (1)~~**

<u>Size Range (Sq Ft)</u>	<u># Parks</u>	<u>Gross Sales</u>				
	<u>of Parks</u>	<u>Average Unit Volume</u>	<u>#/% Exceeding Average Median</u>	<u>Highest AUV Min</u>	<u>Lowest AUV Max</u>	<u>Median AUV# / % Exceeding Avg.</u>
2021 Parks <u>30,001-45,000</u>	117 <u>24</u>	\$1,860,735 <u>\$2,701,971</u>	52/44% <u>\$2,719,676</u>	\$3,680,886 <u>\$1,459,425</u>	\$171,908 <u>\$4,012,476</u>	\$1,718,449 <u>13 / 54.2%</u>
Top Third <u>001-30,000</u>	39 <u>24</u>	\$2,668,122 <u>\$2,478,372</u>	45/38% <u>\$2,256,412</u>	\$3,680,886 <u>\$917,856</u>	\$2,157,465 <u>\$6,256,721</u>	\$2,519,827 <u>9 / 37.5%</u>

<u>Size Range (Sq Ft)</u>	<u># Parks</u>	<u>Gross Sales</u>				
	<u>of Parks</u>	<u>Average Unit Volume</u>	<u>#/% Exceeding Average Median</u>	<u>Highest AUV Min</u>	<u>Lowest AUV Max</u>	<u>Median AUV # / % Exceeding Avg.</u>
Middle Third 23,001-25,000	39 24	\$1,739,574 2,135,266	15/38% 2,011,195	\$2,150,730 785,584	\$1,441,979 3,990,724	\$1,718,449 / 37.5%
Bottom Third 16,000-23,000	39 29	\$1,174,508 1,845,492	24/62% 1,774,794	\$1,410,139 705,724	\$171,908 5,036,458	\$1,218,027 14 / 48.3%
<u>Aggregate</u>	<u>101</u>	<u>\$2,268,256</u>	<u>\$2,070,147</u>	<u>\$705,724</u>	<u>\$6,256,721</u>	<u>43/ 42.6%</u>

2020 Fiscal Year

Table 2B: EBITDA

Franchisees operated 121 Parks as of December 31, 2020, the last day of our 2020 Fiscal Year. Four Parks opened after January 1, 2020, so they did not operate for the entire 2020 Fiscal Year. This financial performance representation describes the actual, historical average Gross Sales, for the 2020 Fiscal Year for the 117 franchisee-owned Parks that operated for the entire 12 months of the 2020 Fiscal Year (the “2020 Parks”). Franchisees closed 22 Parks during the 2020 Fiscal Year, all of which had operated for more than 12 months before closing. Due to COVID-19, state and local government mandated closures, all Parks were closed for significant periods during the 2020 Fiscal Year. Of the Parks closed during the 2020 Fiscal Year which have since reopened, the period of closure ranged from 9 to 39 weeks. Most Parks that reopened operated under reduced capacity government mandates for extended periods of time.

<u>Size Range (Sq Ft)</u>	<u># Parks</u>	<u>EBITDA¹</u>		
		<u>Average</u>	<u>Median</u>	<u># / % Exceeding Avg.</u>
<u>30,001-45,000</u>	<u>24</u>	<u>\$715,547</u>	<u>\$772,153</u>	<u>10 / 41.7%</u>
<u>25,001-30,000</u>	<u>24</u>	<u>\$682,909</u>	<u>\$576,434</u>	<u>9 / 37.5%</u>
<u>23,001-25,000</u>	<u>24</u>	<u>\$525,344</u>	<u>\$501,467</u>	<u>11 / 45.6%</u>
<u>16,000-23,000</u>	<u>29</u>	<u>\$437,106</u>	<u>\$364,580</u>	<u>10 / 34.5%</u>
<u>Aggregate</u>	<u>101</u>	<u>\$582,646</u>	<u>\$563,569</u>	<u>47/ 46.5%</u>

Notes to Table 2B

Note 1. Please refer to Note 1 to Table 1B for the definition of EBITDA.

3. Corporate Parks

Part 3 of this Item sets forth certain information about Gross Sales for all corporate-owned Sky Zone Parks in the United States. Corporate-owned Sky Zone Parks operate substantially similar to franchisee-owned Sky Zone parks. Corporate-owned Sky Zone Parks are typically in larger metro areas.

As of December 31, 2023, there were 74 corporate-owned Sky Zone Parks in the United States. The financial performance representation in Part 3 of this Item relates to 37 corporate-owned Sky Zone Parks, excluding (a) 3 Parks that opened during the Reporting Period, (b) 6 Parks that were acquired from franchisees during the Reporting Period, and (c) 28 Parks that completed rebrands from the Defy or Rockin' Jump brands to Sky Zone during the Reporting Period.

2020 Parks—Annual Table 3: Gross Sales ~~for 2020 Fiscal Year (1)~~

<u>Corporate Parks</u>						
# of Parks ¹						<u>37</u>
Average Gross Sales ¹						<u>\$3,802,036</u>
#/% Exceeding Met or Exceeded Average						<u>14 (37.8%)</u>
Highest Gross Sales						Lowest Gross Sales
2020 Parks Maximum Gross Sales	117	\$810,018	67/57%	\$1,643,823	\$180,252	\$755,896 <u>6,838,456</u>
Minimum Goss Sales						<u>\$1,625,297</u>
Top Third Median Gross Sales	39	\$1,190,415	49/51%	\$1,643,823	\$953,104	\$1,138,409 <u>3,440,483</u>
Average # of Square Feet						<u>30,421</u>
Median # of Square Feet						<u>30,250</u>
Middle Third Average # of Party Rooms	39	\$759,473	49/51%	\$920,087	\$628,974	\$755,896 <u>5.3</u>
Bottom Third	39	\$480,166	54/46%	\$621,182	\$180,252	<u>\$485,849</u>
Median # of Party Rooms						<u>5</u>

~~This financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Park. Franchisees or former franchisees listed in this disclosure document may be one source of this information. Some outlets have sold this~~ Some Parks have sold these amounts. Your individual results may differ. There is no assurance ~~that you will~~ you'll sell as much.

Written substantiation ~~for the~~ of the data used in preparing this financial performance representation will be made available to ~~the prospective franchisee~~ you upon

reasonable request. [Information for franchisee-owned Sky Zone Parks is based on sales and expense information reported to us by franchisees. The information that franchisees provided was not audited.](#)

Other than the preceding financial performance representations, we do not make any financial performance representations ~~about a franchisee's future financial performance or the past financial performance of 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 Sky Zone Park, however, we may provide you with the actual records of that Sky Zone Park](#). If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mike Revak, ~~Senior Vice-President of Franchise and Business Development~~, Sky Zone Franchise Group, LLC, at ~~5875 Arnold Road, Dublin, California 94568, 310-734-0300~~ [860 N. University Avenue, Provo, Utah 84604](#), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary

For years ~~2020 through 2022~~

~~*All Company-Owned outlets are owned and operated by our affiliates.~~

[2021 through February 29, 2024](#)

Outlet Type	Year	Outlets at the - Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020 2021	138 120	121 117	-17 -3
	2021 2022	121 117	118	-3 +1
	2022 2023	118	119 126	+1 +8
Company-Owned*	2020 FEB 2024	191 26	21 121	+2 -5
Company- Owned*	2021	21	22	+1
	2022	22	33	+11
Total Outlets	2020 2023	157 33	142 67	-15 +34
	FEB 2024	67	71	+4
Total Outlets	2021	142 141	140 139	-2
	2022	140 139	152 151	+12
	2023	151	193	+42

Outlet Type	Year	Outlets at the - Start of the Year	Outlets at the End of the Year	Net Change
	<u>FEB 2024</u>	<u>193</u>	<u>192</u>	<u>-1</u>

*All Company-Owned outlets are owned and operated by our affiliates.

Table No. 2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2020~~2021 through ~~2022~~February 29, 2024

State	Year	Number of Transfers
Alabama	2020 <u>2021</u>	0
	<u>2022</u>	<u>1</u>
	<u>2023</u>	<u>0</u>
	<u>FEB 2024</u>	<u>0</u>
<u>Arizona</u>	2021	0
	2022	4 <u>0</u>
California	2020 <u>2023</u>	0
	<u>FEB 2024</u>	<u>1</u>
<u>California</u>	2021	1
	2022	0
Florida	2020 <u>2023</u>	2 <u>1</u>
	2024 <u>FEB 2024</u>	0
<u>Connecticut</u>	2022 <u>2021</u>	0
Georgia	2020 <u>2022</u>	0
	2021	0
	2022 <u>2023</u>	1
Illinois	2020 <u>FEB 2024</u>	0
<u>Florida</u>	2021	0
	2022	0
Indiana	2020 <u>2023</u>	0
	<u>FEB 2024</u>	<u>1</u>
<u>Georgia</u>	2021	0
	2022	0 <u>1</u>
Iowa	2020 <u>2023</u>	0
	<u>FEB 2024</u>	<u>0</u>
<u>Illinois</u>	2021	0
	2022	0
Louisiana	2020 <u>2023</u>	0 <u>2</u>
	<u>FEB 2024</u>	<u>1</u>
<u>Louisiana</u>	2021	0
	2022	1
Maryland	2020 <u>2023</u>	0
	<u>FEB 2024</u>	<u>0</u>

State	Year	Number of Transfers
Maryland	2021	1
	2022	0
Missouri	2020 2023	0
	FEB 2024	<u>0</u>
Michigan	2021	0
	2022	4 <u>0</u>
Nebraska	2020 2023	0
	2021 FEB 2024	0 <u>3</u>
Missouri	2022 2021	0
Nevada	2020 2022	1
	2021 2023	0
	2022 FEB 2024	0 <u>1</u>
New Jersey	2020 2021	0
	2021 2022	0
	2022 2023	0 <u>2</u>
North Carolina	2020 FEB 2024	0
North Carolina	2021	0
	2022	1
North Dakota	2020 2023	0
	FEB 2024	<u>0</u>
North Dakota	2021	0
	2022	1
Ohio	2020 2023	0
	FEB 2024	<u>0</u>
Ohio	2021	2
	2022	<u>0</u>
	2023	<u>0</u>
	FEB 2024	<u>0</u>
Tennessee	2021	<u>0</u>
	2022	0
Pennsylvania	2020 2023	0
	FEB 2024	<u>1</u>
Wisconsin	2021	0
	2022	0
TOTAL	2020 2023	3 <u>1</u>
	FEB 2024	<u>2</u>
TOTAL	2021	4
	2022	6
	2023	<u>7</u>
	FEB 2024	<u>10</u>

Table No. 3
Status of Franchised Outlets
For years ~~2020~~2021 through ~~2022~~February 29, 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
AL	2020 <u>2021</u>	1	0	0	0	0	0	1
	2021 <u>2022</u>	1	0	0	0	0	0	1
	2022 <u>2023</u>	1	0 <u>1</u>	0	0	0	0	1 <u>2</u>
AZ	2020 <u>FEB 2024</u>	2	1 <u>0</u>	0	0	0	0	3 <u>2</u>
<u>AZ</u>	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
CA	2020 <u>2023</u>	10 <u>4</u>	1	0	0	0	0	14 <u>5</u>
	<u>FEB 2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>CA</u>	2021	11	0	0	0	0	0	11
	2022	11	0	0	0	0	0	11
	<u>2023</u>	<u>11</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
CO	2020 <u>FEB 2024</u>	3 <u>13</u>	0	0	0	0	0	3 <u>13</u>
<u>CO</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
CT	<u>2023</u>	<u>3</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
2020		0						
2	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	0	1						
<u>CT</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
DE	2020 <u>2023</u>	1	0 <u>1</u>	0	0	0	0	1 <u>2</u>
	<u>FEB 2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>DE</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020 <u>2023</u>	12 <u>1</u>	0	1 <u>0</u>	0	1 <u>0</u>	0	10 <u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>FL</u>	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	2	0	8
GA	2020 <u>2023</u>	7 <u>8</u>	0	0	0	0	3 <u>0</u>	4 <u>8</u>
	<u>FEB 2024</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<u>GA</u>	2021	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	4	0	0	0	0	0	4
	<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>FEB 2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>4</u>
IA	2020 <u>2021</u>	2	0	0	0	0	0	2
	2021 <u>2022</u>	2	0	0	0	0	0	2
	2022 <u>2023</u>	2	0	0	0	0	0	2
IL	2020 <u>FEB 2024</u>	6 <u>2</u>	0	0	0	0	0	6 <u>2</u>
<u>IL</u>	2021	6 <u>5</u>	0	0	0	0	0	6 <u>5</u>
	2022	6 <u>5</u>	0	0	0	0	0	6 <u>5</u>
IN	2020 <u>2023</u>	7 <u>5</u>	0	0	0	0	4 <u>0</u>	6 <u>5</u>
	<u>FEB 2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>IN</u>	2021	6	0	0	0	2	0	4
	2022	4	0	0	0	0	0	4
KS	2020 <u>2023</u>	2 <u>4</u>	0	0	0	0	0	2 <u>4</u>
	<u>FEB 2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<u>KS</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
LA	2020 <u>2023</u>	4 <u>2</u>	0	0	0	0	0	4 <u>2</u>
	<u>FEB 2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>KY</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MA	2020 <u>2023</u>	5 <u>1</u>	0 <u>1</u>	0	0	0	2 <u>0</u>	3 <u>2</u>
	2021 <u>FEB 2024</u>	3 <u>2</u>	0	0	0	0	0	3 <u>2</u>
<u>LA</u>	2022 <u>2021</u>	3 <u>1</u>	0	0	0	0	0	3 <u>1</u>
MD	2020 <u>2022</u>	5 <u>1</u>	0	0	0	0	0	5 <u>1</u>
	2021 <u>2023</u>	5 <u>1</u>	0	0	0	0	0	5 <u>1</u>
	2022 <u>FEB 2024</u>	5 <u>1</u>	0	0	0	0	0	5 <u>1</u>
<u>MA</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>
MI	2020 <u>2022</u>	7 <u>3</u>	0	4 <u>0</u>	0	0	0	3
	2021 <u>2023</u>	3	0	0	0	0	0	3
	<u>FEB 2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>
<u>MD</u>	2022 <u>2021</u>	3 <u>5</u>	0	0	0	0	0	3 <u>5</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
MN	2020 <u>2022</u>	0 <u>5</u>	0	0	0	0	0	0 <u>5</u>
	2021 <u>2023</u>	0 <u>5</u>	0	0	0	0	0	0 <u>5</u>
	2022 <u>FEB 2024</u>	0 <u>5</u>	0	0	0	0	0	0 <u>5</u>
<u>MI</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>
MO	2020 <u>2022</u>	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>FEB 2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>MO</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
MS	2020 <u>2023</u>	4 <u>3</u>	0	0	0	0	0	4 <u>3</u>
	<u>FEB 2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>MS</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NE	2020 <u>2023</u>	1	0 <u>1</u>	0	0	0	0	4 <u>2</u>
	<u>FEB 2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>NE</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NH	2020 <u>2023</u>	1	0	0	0	0	4 <u>0</u>	0 <u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>NH</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020 <u>2023</u>	9 <u>1</u>	0	0	0	0	0	9 <u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>NJ</u>	2021	9	0	0	0	0	0	9
	2022	9	0	1	0	0	0	8
	<u>2023</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	<u>FEB 2024</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<u>NM</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>
NY	2020 <u>2022</u>	7 <u>0</u>	0 <u>1</u>	4 <u>0</u>	0	0	4 <u>0</u>	5 <u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>NY</u>	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	2	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
NV	2020 <u>2023</u>	4 <u>3</u>	0	0	0	0	0	4 <u>3</u>
	<u>FEB 2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>NV</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NC	2020 <u>2023</u>	6 <u>1</u>	0	0	0	0	4 <u>0</u>	5 <u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>NC</u>	2021	5	0	0	0	0	0	5
	2022	5	4 <u>0</u>	0	0	0	0	6 <u>5</u>
ND	2020 <u>2023</u>	2 <u>5</u>	0	0	0	0	0	2 <u>5</u>
	<u>FEB 2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>ND</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
OH	2020 <u>2023</u>	9 <u>2</u>	0	0	0	4 <u>0</u>	4 <u>0</u>	7 <u>2</u>
	<u>FEB 2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>OH</u>	2021	7	0	2	0	0	0	5
	2022	5	1	0	0	0	0	6
	<u>2023</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
OK	2020 <u>FEB 2024</u>	2 <u>7</u>	0	0	0	0	0	2 <u>7</u>
<u>OK</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<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>FEB 2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>OR</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>
PA	2020 <u>2023</u>	10 <u>0</u>	0 <u>1</u>	4 <u>0</u>	0	0	0	9 <u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>PA</u>	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
RI	2020 <u>2023</u>	4 <u>9</u>	0	0	0	0	0	4 <u>9</u>
	<u>FEB 2024</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
<u>RI</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SC	2020 <u>2023</u>	2 <u>1</u>	0	0	0	0	0	2 <u>1</u>
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>SC</u>	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	2	1	0	0	0	0	3
SD	2020 2023	4 3	0	0	0	0	0	4 3
	FEB 2024	3	0	0	0	0	0	3
SD	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TN	2020 2023	1	4 0	0	0	0	0	2 1
	FEB 2024	1	0	0	0	0	0	1
TN	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
TX	2020 2023	4 2	0	0	0	0	0	4 2
	FEB 2024	2	0	0	0	0	0	2
TX	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	FEB 2024	3	0	0	0	0	0	3
VA	2020 2021	2	1	0	0	0	1	2
	2021 2022	2	0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
WI	2020 FEB 2024	3 2	0	0	0	0	0	3 2
WI	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
WA	2020 2023	0 3	0	0	0	0	0	0 3
	2021 FEB 2024	0 3	0	0	0	0	0	0 3
WV	2022 2021	0 1	0	0	0	0	0	0 1
WV	2020 2022	1	0	0	0	0	0	1
	2021 2023	1	0	0	0	0	0	1
	2022 FEB 2024	1	0	0	0	0	0	1
Totals	2020	138	4	7	0	2	12	121
Totals	2021	121 120	12	2	0	2	0 1	118 117
	2022	118 117	6	1	0	4	0	119 118
	2023	118	10	2	0	0	0	126
	FEB 2024	126	0	0	0	5	0	121

Table No. 4
Status of Company-Owned Outlets For years ~~2020 to 2022~~ 2021 to February 29, 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2020 2021	1	0	0	0	0	1
	2022	<u>1</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	2023	<u>5</u>	<u>7</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>13</u>
	2021 FEB 2024	1 <u>+13</u>	0	0	0	0	1 <u>+13</u>
CO	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0 <u>4</u>	0 <u>4</u>	0	0	0	0 <u>5</u>
FL	2020 2023	0 <u>+0</u>	0 <u>02</u>	0 <u>+2</u>	0	0	0 <u>24</u>
	FEB 2024	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
FL	2021	2	0	0	0	0	2
	2022	2	1	2	0	0	5
IL	2020 2023	2 <u>5</u>	0 <u>02</u>	0	0	0	2 <u>27</u>
	FEB 2024	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
IL	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	FEB 2024	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
IN	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
LA	2020 FEB 2024	1	0	0	0	0	1
LA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
MD	2020 2023	2 <u>1</u>	0 <u>02</u>	0	0	0	2 <u>23</u>
	FEB 2024	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
MA	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	FEB 2024	<u>3</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>6</u>
MD	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
MN	2020 2023	4 <u>2</u>	0	0	0	0	4 <u>2</u>
	FEB 2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
MI	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	FEB 2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
MN	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
MO	2020 2023	1 <u>4</u>	0 <u>01</u>	0	0	0	1 <u>15</u>
	FEB 2024	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
MO	2021	1	0	0	0 <u>+0</u>	0	0 <u>01</u>
	2022	0	1	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
OH	2020 2023	0 <u>1</u>	0 <u>1</u>	1 <u>0</u>	0	0	1 <u>2</u>
	2021 FEB 2024	1 <u>2</u>	0	2 <u>0</u>	0	0	3 <u>2</u>
<u>NV</u>	2022 2021	3 <u>0</u>	0	0	0	0	3 <u>0</u>
PA	2020 2022	1 <u>0</u>	0	0	0	0	1 <u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>FEB 2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NY</u>	2021	1	0	0	0	0	1
2022	<u>2022</u> 0	1	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>3</u>
1	<u>2023</u> 0 0 0	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
NV	2020 FEB 2024	0 <u>4</u>	0	0	0	0	0 <u>4</u>
<u>OH</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2021 2022	0 <u>3</u>	0	0	0	0	0 <u>3</u>
	2022 2023	0 <u>3</u>	0	0	0	0	0 <u>3</u>
	<u>FEB 2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
NY <u>PA</u>	2020 2021	1	0	0	0	0	1
	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2021 2023	1	0	0	0	0	1
	<u>FEB 2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>RI</u>	2022 2021	1 <u>0</u>	0	2 <u>0</u>	0	0	3 <u>0</u>
NV	2020 2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>FEB 2024</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>TN</u>	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2020 FEB 2024	4	0	0	0	0	4
<u>VA</u>	2021	4	0	0	0	0	4
	2022	4	1	0	0	0	5
	<u>2023</u>	<u>5</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	2020 FEB 2024	1 <u>8</u>	0	0	0	0	1 <u>8</u>
<u>WA</u>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020 2023	19 <u>1</u>	0 <u>1</u>	2 <u>1</u>	0	0	21 <u>3</u>
	<u>FEB 2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Totals</u>	2021	21	0	2	1 <u>0</u>	0	22
	2022	22	7	4	0	0	33
	<u>2023</u>	<u>33</u>	<u>30</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>67</u>
	<u>FEB 2024</u>	<u>67</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>71</u>

Table No. 5
Projected Openings as of ~~December 31, 2022~~ February 29, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company- Owned Outlet In the Next Fiscal Year
Alabama <u>California</u>	0 <u>7</u>	0 <u>4</u>	0
Arizona <u>Colorado</u>	0 <u>1</u>	0	0
California <u>Connecticut</u>	2 <u>1</u>	4 <u>0</u>	0
Florida	1	1	0 <u>1</u>
Georgia	2 <u>1</u>	4 <u>0</u>	0
Illinois	2	4 <u>2</u>	0 <u>1</u>
Indiana	1	4 <u>0</u>	0
Kentucky <u>Maryland</u>	4 <u>2</u>	1	0
Maryland <u>New Jersey</u>	0 <u>2</u>	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Nevada	1	1	0
New York	1	1	0
New Jersey	0	1	0
New Hampshire	0	0	0
North Carolina	1	0	0
Oregon	0	0	0 <u>1</u>
Tennessee <u>Texas</u>	0	0	0 <u>1</u>
Texas <u>Utah</u>	0 <u>1</u>	0 <u>1</u>	0
Virginia	0 <u>3</u>	0 <u>1</u>	0 <u>1</u>
Washington D.C.	0	0	0
Total	12 <u>23</u>	9 <u>10</u>	0 <u>5</u>

Exhibit E lists the names, addresses and telephone numbers of all current franchisees. In addition, Exhibit E lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this franchise disclosure document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last 3 fiscal years, we have signed confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about all or certain aspects of their experience with us. We do not have any trademark specific franchisee organization.

Item 21

FINANCIAL STATEMENTS

The consolidated balance sheets as of December 31, [2023](#), 2022, [and 2021](#) ~~and 2020~~, and the related consolidated statements of income, of member's equity and of cash flows for the years then ended, including the related notes, are attached as Exhibit F. ~~In addition, the unaudited financial statements for the period January 1, 2023 through December 31, 2023 are also attached as Exhibit F.~~ Our fiscal year end is December 31.

Item 22

CONTRACTS

The following agreements are Exhibits to this Disclosure Document:

- Exhibit A ~~–Franchise Agreement~~
 - Appendix A: [Franchisee-Specific Terms](#)
 - Appendix B: [Owners' Personal Guaranty of Franchisee's Obligations](#)
 - Appendix C: [Owner Personal Covenants Regarding Confidentiality and Non-Competition](#)
 - ~~Appendix D: [Silent Investors](#)~~
 - Appendix ~~E~~D: [Addendum To Lease](#)
 - [Appendix E: Protected Territory and Premises](#)
 - Appendix F ~~Location~~: [Acknowledgement Addendum to the Sky Zone Franchise Agreement](#)
 - ~~Appendix G: [Acknowledgement Addendum](#)~~
- Exhibit B ~~–Multi-Unit Development Agreement~~
- Exhibit H ~~–Form of Purchase Order~~

Item 23

RECEIPTS

[Exhibit J](#) contains detachable documents acknowledging your receipt of this Disclosure Document. Two copies of the receipt are attached. You must sign both copies, keep one copy for your records, and return one copy to us at: Mike Revak, ~~Senior Vice President of Franchise and Business Development, 5875 Arnold Road, Dublin, California 94568~~[President, 86 N. University Avenue, Suite 350, Provo, Utah 84601](#), with a copy to mike.revak@skyzone.com.

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EXHIBIT A TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

**SKY ZONE
FRANCHISE AGREEMENT**

[NAME OF FRANCHISEE]

[NAME OF AREA]

TABLE OF CONTENTS

	Page
1. PREAMBLES AND DEFINITIONS.	1
1.1 Preambles.....	1
1.2 Certain Definitions.....	1
2. YOUR ORGANIZATION AND MANAGEMENT.	4
2.1 Organizational Documents.....	4
2.2 Ownership Interests	4
2.3 Responsible Person/Management of Business.....	5
2.4 Control Group	5
3. GRANT OF RIGHTS.	6
3.1 Grant Of Franchise.....	6
(a) Grant	6
(b) Protected Territory	6
3.2 Our Reservation of Rights	6
4. LOCATION SELECTION, LEASE OR PURCHASE OF LOCATION AND LOCATION DEVELOPMENT.....	7
4.1 Location Selection	7
4.2 Purchase Or Lease Of The Location	7
4.3 Location Development.....	8
(a) Development.....	8
(b) Plans.....	8
(c) Construction.....	8
(d) Force Majeure	9
4.4 Your Obligations.....	9
4.5 Operating Assets	9
4.6 Start-Up Inventory	9
4.7 Business Commencement	910
4.8 Commencement Deadline.....	10
4.9 Grand Opening Marketing	10
4.10 Opening Assistance.....	10
4.11 Relocation	10
5. FEES.	11

5.1	Initial Franchise Fee.....	11
5.2	Royalty Fee	11
5.3	Ad Fee.....	11
5.4	Other Fees	11
5.5	Designated Account.....	11
5.6	Interest On Late Payments.....	11 12
5.7	Application Of Payments.....	12
5.8	Authorized Supplier Payment.....	12
5.9	Non-Compliance Fee	12
5.10	Inspection And Compliance Reimbursement	12
6.	TRAINING, ASSISTANCE, AND METHODS OF OPERATION.	12
6.1	Training.....	12
6.2	Refresher Training	13
6.3	General Guidance.....	13
6.4	On-Site Consultation and Additional Guidance	13
6.5	Operations Manual.....	14
6.6	Annual Convention	14
7.	MARKS.	14 15
7.1	Ownership and Goodwill of Marks.....	14 15
7.2	Limitations On Your Use Of Marks	15
7.3	Notification Of Infringements And Claims	15
7.4	Discontinuance Of Use Of Marks.....	15
7.5	Indemnification Of Franchisee	15 16
8.	CONFIDENTIAL INFORMATION.	16
8.1	Confidential Information	16
8.2	Nondisclosure of Confidential Information.....	17
8.3	Customer Information.....	17
9.	SKY ZONE METHODS OF OPERATION.....	18
9.1	Compliance With Methods of Operation.....	18
9.2	Provisions Of This Agreement.....	18 19
9.3	Modification Of Methods Of Operation	18 19
9.4	Condition Of Your Business.....	19
9.5	Products and Services You May Offer	20
9.6	Products, Supplies, Operating Assets, and Services	20

9.7	Compliance With Laws.....	22
9.8	Personnel.....	22 <u>23</u>
9.9	Insurance	23
9.10	Quality Control	26
9.11	Pricing Policies	26
9.12	Technology System.....	26
9.13	Reciprocal Membership/Coupons.....	27
9.14	Non-Compliance	27 <u>28</u>
9.15	Innovations.....	27 <u>28</u>
9.16	General Conduct	28
9.17	Safety and Security Procedures	28
10.	MARKETING.....	28
10.1	National Advertising.....	28
10.2	Accounting.....	29
10.3	Proportionality	29
10.4	Deferrals Or Reductions	29 <u>30</u>
10.5	Local Advertising.....	30
	(a) Obligation to Advertise.....	30
	(b) Approvals.....	30
	(c) Local Advertising Funding Requirement.....	30 <u>31</u>
	(d) Valid Expenditures.....	30 <u>31</u>
	(e) Payment to Us	31
10.6	Advertising Cooperatives.....	31
10.7	Community Marketing Programs	32
10.8	Digital Marketing.....	32
	(a) Restrictions on Use	32
	(b) Our Website	32 <u>33</u>
11.	RECORDS, REPORTS AND FINANCIAL STATEMENTS.	33
11.1	Records	33
11.2	Periodic Reports.....	33
11.3	Verification	33 <u>34</u>
12.	INSPECTIONS AND AUDITS.....	33 <u>34</u>
12.1	Our Right To Inspect The Business	33 <u>34</u>
12.2	Cooperation.....	34

12.3	Our Right to Audit	34
13.	TRANSFER	34 <u>35</u>
13.1	By Us	34 <u>35</u>
13.2	By You	35
13.3	Conditions For Approval Of Transfer.....	35
	(a) Control Transfers	35 <u>36</u>
	(b) Other Transfers	37
13.4	Transfer To A Wholly Owned Entity	37
13.5	Transfer Upon Your Death Or Disability	37
13.6	Operation Upon Your Death Or Disability	37 <u>38</u>
13.7	Bona Fide Offers.....	38
13.8	Our Right Of First Refusal.....	38 <u>39</u>
13.9	Non-Exercise.....	38 <u>39</u>
13.10	Securities Offerings	39
14.	SUCCESSOR FRANCHISES AND EXPIRATION.....	39
14.1	Acquisition Of A Successor Franchise	39
14.2	Grant Of A Successor Franchise.....	39 <u>40</u>
14.3	Agreements/Releases	40
15.	TERMINATION OF AGREEMENT.....	40 <u>41</u>
15.1	Termination By You	40 <u>41</u>
15.2	Termination By Us.....	40 <u>41</u>
15.3	Our Right To Operate The Business And Management Fee	42 <u>43</u>
15.4	Alternatives To Termination.....	42 <u>43</u>
15.5	Exercise of Other Remedies.....	43 <u>44</u>
16.	RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.....	43 <u>44</u>
16.1	Payment Of Amounts Owed To Us - Liquidated Damages.....	43 <u>44</u>
16.2	Discontinue Use of the System and the Marks	44
16.3	Return of Confidential Information	45
16.4	Our Right To Purchase Business	45 <u>46</u>
	(a) Exercise of Option	45 <u>46</u>
	(b) Leasehold Rights.....	45 <u>46</u>
	(c) Purchase Price.....	45 <u>46</u>
	(d) Exclusions.....	45 <u>46</u>

	(e) Appraisal	46
	(f) Closing	46
	(g) Instruments.....	46
	(h) Escrow.....	46 <u>47</u>
	(i) Releases.....	46 <u>47</u>
	(j) Operation of Franchise because of your Inability.....	46 <u>47</u>
16.5	Continuing Obligations.....	46 <u>47</u>
17.	COVENANTS NOT TO COMPETE.....	46 <u>47</u>
17.1	In-Term Covenant Not To Compete.....	46 <u>47</u>
17.2	Post-Term Covenant Not To Compete	47 <u>48</u>
17.3	Reasonable Scope of Covenants	47 <u>48</u>
17.4	Reduction Of Scope of Covenants.....	48
17.5	Covenant Not To Compete Upon Exercise Of Right Of First Refusal.....	48 <u>49</u>
18.	RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.....	48 <u>49</u>
18.1	Independent Contractors	48 <u>49</u>
18.2	Notice of Independent Contractor.....	48 <u>49</u>
18.3	Taxes	49
18.4	Indemnification	49 <u>50</u>
18.5	Mitigation Not Required.....	50
19.	ENFORCEMENT AND MISCELLANEOUS MATTERS.....	50 <u>51</u>
19.1	Severability And Substitution of Valid Provisions.....	50 <u>51</u>
19.2	Greater Notice.....	50 <u>51</u>
19.3	Waiver Of Obligations.....	50 <u>51</u>
19.4	Non-Waiver.....	51
19.5	Force Majeure	51 <u>52</u>
19.6	Out-Of-Stock and Discontinued	51 <u>52</u>
19.7	Costs And Attorneys' Fees	51 <u>52</u>
19.8	You May Not Withhold Payments Due To Us	51 <u>52</u>
19.9	Rights Of Parties Are Cumulative	52
19.10	Good Faith and Fair Dealing.....	52
19.11	Dispute Resolution.....	52 <u>53</u>
	(a) Mediation	52 <u>53</u>
	(b) Arbitration.....	53 <u>54</u>
	(c) Exceptions to Arbitration.....	54 <u>55</u>

(d)	Prevailing Party's Fees	55
(e)	Survival	55 <u>56</u>
(f)	Tolling of Statute of Limitations.....	55 <u>56</u>
(g)	Performance to Continue	55 <u>56</u>
19.12	Governing Law	55 <u>56</u>
19.13	Consent To Jurisdiction	55 <u>56</u>
19.14	Waiver Of Punitive Damages, Jury Trial, And Class Actions.....	55 <u>56</u>
19.15	Limitation Of Claims	56
19.16	Binding Effect.....	56 <u>57</u>
19.17	Withhold Approval	56 <u>57</u>
19.18	Construction.....	56 <u>57</u>
19.19	Joint And Several Owners' Liability	56 <u>57</u>
19.20	Right To Information	56 <u>57</u>
19.21	Multiple Copies.....	56 <u>57</u>
19.22	Entire Agreement Between the Parties	56 <u>57</u>
19.23	Amendments	57
19.24	No Third-Party Beneficiaries.....	57 <u>58</u>
19.25	Notices 57 <u>58</u>	
20.	ACKNOWLEDGEMENTS AND REPRESENTATIONS.....	57 <u>58</u>
20.1	Acknowledgements.....	57 <u>58</u>
20.2	Representation.....	57 <u>58</u>
20.3	Due Authority	58
20.4	Terrorist Acts	58 <u>59</u>
20.5	Timely Receipt and Review of Agreement and Disclosure Document	58 <u>59</u>
20.6	Financial Performance Representations.....	58 <u>59</u>

APPENDIX A	FRANCHISEE-SPECIFIC TERMS
APPENDIX B	OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS
APPENDIX C	OWNER PERSONAL COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION
APPENDIX D	SILENT INVESTORS
APPENDIX E	ADDENDUM TO LEASE
APPENDIX F	LOCATION ACKNOWLEDGEMENT ADDENDUM
APPENDIX G	ACKNOWLEDGEMENT ADDENDUM

SKY ZONE FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the date listed on **Appendix A** (the “**Effective Date**”) by and between Sky Zone Franchise Group, LLC, a limited liability company formed under Missouri law, with its principal business address at ~~5875 Arnold Road, Dublin, California 94568~~ 86 N. University Avenue, Suite 350, Provo, Utah 84601 (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and the person or entity identified on **Appendix A** as the franchisee with its principal place of business set forth on **Appendix A** (referred to in this Agreement as “**you**” or “**your**”).

1. PREAMBLES AND DEFINITIONS.

1.1 Preambles. This Agreement governs your ownership and operation of one Sky Zone business offering a method of operating recreational centers that offer all trampoline Attractions (as defined below) which use our proprietary System and our Marks (a “**Business**”). Businesses are developed and operated in accordance with a distinctive business format and set of business methods, designs, layouts, standards, specifications, and Methods of Operation that we and our Affiliates have developed and will continue to develop (the “**System**”). We identify the Businesses operating under the System by means of the SKY ZONE mark and certain other trademarks, service marks, trade names, trade dress, signs, associated designs, artwork, and logos that we may specify from time to time (collectively, the “**Marks**”). We may change, improve, add to, and further develop the elements of the System and the Marks from time to time. We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort required to own and operate a Business offering the products and services we authorize and approve and utilizing the System and the Marks. You have indicated to us that you desire a franchise to own and operate a Business, and we are willing to grant you a license to own and operate a Business on the terms and conditions of this Agreement.

1.2 Certain Definitions. The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

“**Accounting Period**” - Each monthly period during the term of the Agreement.

“**Affiliate**” - Any person or Entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an Entity, whether through ownership of voting securities, by contract or otherwise.

“**Applicable Laws**” - All federal, state, and local laws, rules, regulations, and ordinances that are applicable in your Territory.

“**Attractions**” means the playing field including the trampoline, the padding, nets, and other related equipment.

“**Competitive Business**” - Any family recreational center including, but not limited to, a trampoline park, inflatable indoor bouncing, rock climbing, go carts, miniature golf, active

entertainment facility, or similar family entertainment establishments. This is not intended to include any centers specializing in gymnastics, which may contain trampolines.

“Confidential Information” - Defined in Section 8.1 (Confidential Information).

“Control Group” - Defined in Section 2.4 (Control Group).

“Controlling Interest” – Thirty-three and one-third percent (33.33%) or more of your voting shares or other voting rights if you are an Entity owned by three (3) or more persons; otherwise, fifty percent (50%) or more of your voting shares or other voting rights.

“Dispute” - Any dispute, controversy or claim between and among the parties and any of our or your Affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to (i) this Agreement, (ii) any lease or sublease for your Business, (iii) any loan or other finance arrangement between us or our Affiliates and you, (iv) the parties’ relationship, (v) your Business, or (vi) any Method of Operation.

“Effective Date” – The Effective Date listed on **Appendix A**.

“EFT” - The electronic transfer of funds to us from a credit card, debit card or bank account, as well as any other current or future form of pre-authorized payment.

“Entity” - A corporation, general or limited partnership, limited liability company, corporation, association, cooperative or other legal entity.

“FDD” - The Franchise Disclosure Document that was furnished to you by us, which describes this Agreement and the Franchise.

“Gross Sales” – the total amount of all sales of products, services, programs and merchandise, food, and beverages, sold from, through, or in connection with the Business whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

“Guarantor” – Each Owner who has a greater than 10% interest in your Entity, who must sign an agreement in the form we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as **Appendix B** (Owners’ Personal Guaranty of Franchisee’s Obligations).

“Immediate Family” - Spouse, parents (including stepparents), siblings (including half siblings), and children (including stepchildren), whether natural or adopted.

“Initial Term” - Defined in Section 3.1 (Grant of Franchise).

“Internet” - All communications between computers and between computers and television, telephone, facsimile, and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups and electronic bulletin boards.

“Location” - The franchise location identified in Section 3.1 (Grant of Franchise).

“Methods of Operation” - The information we provide to you containing mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe from time to time for the operation of a Business, including the Operations Manual and any other information we provide to you during the term of the Agreement relating to your operation of the franchise business or to any other of your obligations under this Agreement and related agreements.

“NAF” - Our National Advertising Fund, as defined in Section 10.1 (National Advertising).

“Operations Manual” - Our confidential policy manual, as amended from time to time, which may consist of one or more manuals, including any of our operating system manuals, compliance manuals, and management training manuals, containing our Methods of Operation relating to the development and operation of Businesses and other information relating to your obligations under this Agreement. The term “Operations Manual” also includes alternative or supplemental means of communicating such information by other media, including lists, templates, bulletins, e-mails, digital postings, CDs, DVDs, applications, software, digital audio or video files, and any information we share with you through our company intranet or project management system.

“Operating Assets” - All fixtures, furnishings, signs, and equipment used in the Business, including the Technology System.

“Owner” - Each person that has any direct or indirect legal or beneficial ownership interest in you, if you are an Entity, including any person who has a direct or indirect interest in you, this Agreement, the Franchise or the Business and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. As used in this Agreement, any reference to Owner includes all Owners, including Silent Investors. If the franchisee is one or more individuals, everyone is an Owner. Your Owner(s) is/are identified on **Appendix A** to this Agreement.

“Person” - A “person” refers to both an individual natural person and an Entity.

“Responsible Person” - The individual you so designate in **Appendix A** and any replacement thereof approved by us. The Responsible Person must be someone who has the authority to, and does in fact, actively direct your business affairs related to the Business.

“Royalty Billing Day” – Two (2) times per month on the sixteenth (16th) and the first (1st) day after month ends. If the payment date falls on a holiday, the fees will be due on the next business day. On these days each calendar month that we designate, we or our authorized designee are authorized by you to withdraw via electronic funds transfer from your designated bank account all Royalty Fees and other amounts then due to us under the terms of the Agreement.

~~**“Silent Investor”** - All individuals and/or entities identified in **Appendix D**.~~

“Technology System” - The hardware, software, security cameras, other equipment, and network connections that we specify periodically in the Operations Manuals necessary to operate our point-of-sale system, the security camera system, reservation system, waiver processing system, and other technology systems that we designate.

“Transfer” - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, Inter-vivos transfer, testamentary disposition or other disposition of this Agreement, any interest in or right under this Agreement, or any form of ownership interest in you or the assets, revenues or income of your Business including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, you; (2) any merger or consolidation between you and another Entity, whether or not you are the surviving corporation; (3) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (4) any transfer upon your death or the death of any of your Owners by will, declaration of or transfer in trust or under the laws of intestate succession; or (5) any foreclosure upon your Business or the transfer, surrender or loss by you of possession, control or management of your Business.

2. YOUR ORGANIZATION AND MANAGEMENT.

2.1 Organizational Documents. If you are, or at any time become an Entity, you and each of your Owners agree and represent that:

(a) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign Entity, you are duly qualified to transact business in the state in which your Business is located;

(b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder;

(c) your activities are restricted to those necessary solely for the development, ownership and operation of a Business in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates;

(d) the articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer, or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; and

(e) all certificates representing direct or indirect legal or beneficial ownership interests in you now or hereafter issued must bear a legend in conformity with Applicable Law reciting or referring to such restrictions.

2.2 Ownership Interests.

(a) You and each of your Owners represent, warrant, and agree that the attached Appendix A is a current, complete, and accurate list of all Owners. Every time there is a change in the persons or Entities who are your Owners, you must, within seven calendar days from the date of such change, notify us of the change and cooperate with us in updating Appendix A so that it is always current, complete, and accurate.

Each person who is or becomes an Owner who has a greater than ten percent (10%) interest in the franchisee Entity must execute an agreement in the form we prescribe, undertaking to be

bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as Appendix B (Owners' Personal Guaranty of Franchisee's Obligations). However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or Entity who directly or indirectly owns ten percent (10%) or less interest in the franchisee Entity, we have the right to designate that person as an Owner who must sign Appendix B to this Agreement.

(b) Each person who is or becomes an Owner that (i) has a greater than ten percent (10%) interest in the franchisee Entity or (ii) is given access to our Confidential Information must execute an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in the Agreement, the current form of which is attached hereto as Appendix C.

~~(c) If you have one or more Silent Investors, you and each of your Owners must execute the attached Appendix D.~~

(c) ~~(d)~~ If you are a partnership Entity, then each person or Entity who, now or hereafter is or becomes a general partner is deemed an Owner who must sign Appendix B and Appendix C, regardless of the percentage ownership interest.

2.3 Responsible Person/Management of Business. If you are, or at any time become, an Entity, you must designate in **Appendix A** as the "Responsible Person" an individual approved by us who must have the authority to bind you regarding all operational decisions with respect to your Business; and have completed our training program to our satisfaction. You (or your Responsible Person) shall exert your best efforts to the development and operation of your Business and all other Businesses you own; and absent our prior approval may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder. We shall have no responsibility, liability, or obligation to any party to any such arrangement, agreement or contract, or any amendments thereto, on account of our approval thereof or otherwise, and you agree to indemnify and hold us harmless with respect thereto. You must notify us of any proposed change of the Responsible Person and receive our written approval prior to such change. If such change results from the voluntary or involuntary termination of the Responsible Person, you must submit a new proposed Responsible Person within fifteen (15) days after such termination. Neither you nor your owners will, directly or indirectly, take any actions to avoid or restrict the authority requirement for the Responsible Person. Your Business must always be managed by you (or your Responsible Person) or by an on-site general or assistant manager or a shift supervisor who has completed the appropriate training programs.

2.4 Control Group. If you or one of your Affiliates have entered into a Multi-Unit Development Agreement with us and are entering into this Agreement pursuant thereto, and you are an Entity, you acknowledge and agree that the Owner or group of Owners described in **Appendix A** hereof that has, directly or indirectly, fifty-one percent (51%) or more ownership interest in you and voting control over its ownership interests in you ("**Control Group**"), has the same ownership interest in and voting control of the Entity that executed the Multi-Unit Development Agreement. Furthermore, you acknowledge and agree that we have the right to approve in advance your ownership structure.

3. GRANT OF RIGHTS.

3.1 Grant Of Franchise.

(a) **Grant.** Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a non-exclusive license (the “Franchise”) to operate one Business using the System and the Marks at the location identified on Appendix ~~FE~~ (the “Location”), for a term commencing on the Effective Date and expiring on the tenth (10th) anniversary of that date (“Initial Term”), unless sooner terminated in accordance with Section 15 (Termination of Agreement). You hereby accept the Franchise and agree to operate the Business according to the provisions of this Agreement for the entire Initial Term. You have no right to (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Location, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Business at the Location.

(b) **Protected Territory.** This Agreement grants to you a Franchise for a single Business with a protected territory identified on Appendix ~~FE~~ (the “Protected Territory”). We reserve the right, in our sole discretion, to modify the Protected Territory and revise Appendix ~~FE~~ upon: (i) termination of the Initial Term or termination of this Agreement; (ii) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, you; (iii) an merger or consolidation between you and another Entity, whether or not you are the surviving Entity; (iv) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) any transfer upon your death or the death of any of your Owners by will, declaration or transfer in trust or under the laws of intestate succession; or (vi) any foreclosure upon your Business or the transfer, surrender or loss by you of possession, control or management of your Business. Except as provided in Section 3.2 (Our Reservation of Rights), we will not open, or license a third party to open, a Business within your Protected Territory.

3.2 Our Reservation of Rights. Except as otherwise expressly provided in Section 3.1(b) (Protected Territory), we and all our Affiliates (and our and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all our rights with respect to the Marks, the System and Businesses anywhere in the world, and the right to engage in any business whatsoever, including the right to:

(a) operate, and/or grant to others the right to operate, Competitive Businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Protected Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Protected Territory;

(b) offer to sell, or sell and distribute, any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, anywhere through any distribution channels or methods, which may include retail stores, wholesale, and the Internet (or any other existing or future form of electronic commerce); and

(c) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere and, even if such businesses are located in the Protected Territory, (i) permit the other businesses to continue to operate under another name, and/or (ii) permit the businesses to operate under another name and convert existing Businesses to such other name.

4. LOCATION SELECTION, LEASE OR PURCHASE OF LOCATION AND LOCATION DEVELOPMENT.

4.1 Location Selection. You acknowledge that, following your signing this Agreement, you (with or without our assistance) will find and submit to us for our acceptance a Location for your Business. You acknowledge and agree that our recommendation or acceptance of the Location, and any information regarding the Location communicated to you regarding our standard site selection criteria for Businesses, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Location for a Business or for any other purpose. Our recommendation or acceptance of the Location indicates only that we believe that the Location falls within the acceptable criteria for locations that we have established as of the time of our recommendation or acceptance of the Location. You acknowledge and agree that your selection of the Location is based on your own independent investigation of the suitability of the Location. We have the right to grant or withhold acceptance of any proposed Location in our business judgment.

4.2 Purchase Or Lease Of The Location. You must lease, sublease, or purchase the Location within nine months after signing this Agreement. Your failure to sign a lease within this timeframe constitutes grounds for immediate termination of this Agreement under Section 15.2 (Termination By Us) and the loss of your non-refundable Initial Franchise Fee. You may request a three (3) month extension of this time frame to lease, sublease or purchase the Location by sending us a written request at least thirty (30) days before the deadline (“**First Extension Period**”). We may grant the First Extension Period, without your payment of any extension fee, if we believe you have engaged in a good faith effort to find a Location. If no less than 30 days prior to the expiration of the First Extension Period, you request an additional extension of time to lease, sublease or purchase the Location (“**Additional Extension Period**”), we shall have the right, in our sole discretion, to grant such Additional Extension Period provided you pay us an extension fee in an amount equal to the then-current initial franchise fee. We have the right, but not the obligation, to review the business terms of any lease, sublease, or purchase contract for the Location, and you agree to deliver a copy to us for our review before you sign it. You agree that any lease or sublease for the Location must, in form and substance satisfactory to us, include all the provisions set forth on **Appendix ED** attached hereto. You may not execute a lease, sublease purchase contract or any modification thereof without our approval. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease, or purchase contract, assume any liability or responsibility to you or to any third parties. Such approval indicates only that we believe that the Location and certain terms of the lease, sublease or purchase contract fall within the acceptable criteria we have established as of the time of our approval. You further acknowledge that we have advised you to seek legal counsel to review and evaluate the lease. You must deliver a copy of the fully signed lease, sublease, or purchase contract to us within five days after its execution.

4.3 Location Development.

(a) **Development.** You are solely responsible for developing the Business and for all expenses associated with it. We will furnish you with mandatory specifications and layouts for a Business, including requirements for dimensions, design, image, interior layout, decor, Operating Assets, and color scheme and other suggestions. The mandatory specifications and layouts we provide will not contain the requirements of any federal, state, or local laws, codes, or regulations. You are obligated to have prepared, at your expense, all required construction plans and specifications to suit the shape and dimensions of the Location and to ensure that such plans and specifications comply with all Applicable Laws, building codes and permit requirements and with lease requirements and restrictions, including those concerning the Americans with Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities. We will furnish such guidance to you in developing the Location as we deem appropriate. You will consult with our real estate team to obtain the services of an architect approved by us to produce construction plans, based on the preliminary layout provided by us, to suit the shape and dimensions of the location.

(b) **Plans.** After the preliminary layout is completed, you will hire a local licensed architect that meets our standards, or may use an architect approved by us, to detail the layout into construction plans. You are responsible for the cost for both the approved architect’s services and the local architect’s services. We shall provide the first three (3) space plans (“**Space Plan**”) to you at no additional cost. If additional Space Plans are necessary, the cost shall be Three Hundred Fifty Dollars (\$350) for each additional Space Plan. You must submit all such modified plans and specifications, including design specifications, to us for our approval before starting to develop the Location. You acknowledge that design quality is important to us. All final plans are subject to our approval. At our request, you must submit all revised or “as built” plans and specifications. All development and any signage must be in accordance with the plans and specifications we have approved and must comply with all Applicable Laws, ordinances and local rules and regulations. We may periodically inspect the Location during its development. We do not, by approving your plans or specifications or inspecting the Location, assume any liability or responsibility to you or to any third parties. Such approvals and inspections shall be solely for the purpose of assuring compliance with our standards and shall not be construed as any express or implied representation or warranty that your Business complies with any Applicable Laws (including the ADA or any other laws regulating standards for the access to, use of, or modifications of buildings for any by persons whose disabilities are protected by law) or that the construction thereof is sound or free from defects. All prototype and modified plans and specifications for your Business remain our sole and exclusive property, and you may claim no interest therein.

(c) **Construction.** You must employ a general contractor acceptable to us. You must procure all applicable construction insurance in amounts and coverages acceptable to us. You must provide us with weekly progress reports during construction in a format acceptable to us. We have the right to visit and inspect, the site during the construction phase. Such visits shall be at our expense, except for visits made upon your request, which shall be at your expense. The requirement to complete construction of your Business includes obtaining all required construction and occupancy licenses and permits, developing the Location (including all outdoor features and landscaping of the Location, if applicable), installing all required Operating Assets, and doing all

other things as may be required pursuant to this Agreement or by practical necessity to have your Location ready to open for business.

(d) **Force Majeure.** Notwithstanding anything to the contrary contained in this Section 4.3, you shall not be deemed to be in breach of this Section 4.3 if your failure to start construction, finish construction or open your Business as above provided results solely from windstorms, rains, floods, earthquakes, typhoons, mudslides, fires, or other natural disasters. Any delay resulting from any of such causes shall extend performance accordingly, in whole or in part, as may be reasonable, except that no such cause, alone or in combination with other causes, shall extend performance more than 90 days without our prior written consent, which consent may be withheld.

4.4 Your Obligations. You agree, at your own expense, to do the following with respect to developing the Business at the Location:

- (a) secure all financing required to develop and operate the Business;
- (b) obtain all permits and licenses required to construct and operate the Business;
- (c) construct all required improvements to the Location and decorate the Business in compliance with plans and specifications we have approved, and which comply with all governmental requirements;
- (d) purchase or lease and install all required Operating Assets required for the Business; and
- (e) purchase an initial inventory of authorized and approved products, materials and supplies; and
- (f) comply with all applicable federal, state, and local laws, ordinances, regulations, and best practices of the industry.

4.5 Operating Assets. You agree to use in developing and operating the Business only those Operating Assets that we have approved for Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display at the Location (interior and exterior) only such signs, emblems, lettering, logos, and display materials that we approve from time to time. See Section 9.6 (Products, Supplies, Operating Assets, and Services) for details relating to the acquisition of the Operating Assets.

4.6 Start-Up Inventory. After your execution of this Agreement and prior to your commencement of operations hereunder, we will give you lists of the start-up inventory we require you to obtain prior to commencing operations hereunder. See Section 9.5 (Products and Services You May Offer) and 9.6 (Products, Supplies, Operating Assets, and Services) for details relating to your inventory.

4.7 Business Commencement. You agree not to commence operation of the Business until:

(a) we approve the Business as developed in accordance with our specifications and standards;

(b) pre-opening training has been completed by you, your Responsible Person, and/or your employees to our as provided in Section 6.1 (Training);

(c) you have given us a copy of your lease, sublease or purchase contract for the Location;

(d) the Initial Franchise Fee and all other amounts then due to us have been paid;

(e) we have been furnished with copies of all insurance policies required by this Agreement and been named as an additional insured, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(f) you have obtained all required permits, licenses and certifications for operating the Business, and the Location is in compliance with all Applicable Laws.

4.8 Commencement Deadline. You agree to commence Business operations within eighteen (18) months after the execution of this Agreement and within five (5) days after we notify you that the conditions set forth in this Section have been satisfied.

4.9 Grand Opening Marketing. You agree to conduct grand opening marketing for the Business. The grand opening marketing period is the period beginning a minimum of one hundred twenty (120) days immediately preceding the date that you commence regular operations at the Business to the date you commence regular operations at the Business. You must spend a minimum of Twenty-Five Thousand Dollars (\$25,000) for your pre-opening marketing obligations (the “**Grand Opening Marketing Expense**”). You must spend one-half (1/2) of such Grand Opening Marketing Expense prior to the opening of the Business and the remainder in the month in which the Business opens. Such pre-opening marketing will utilize marketing and public relations programs and media and advertising materials we have approved.

4.10 Opening Assistance. We will send at least one (1) representative to provide on-site opening assistance for at least five (5) days during the opening of the Business. If additional training is required on-site, you will be responsible for all expenses, incurred by the trainers and we will have the right to charge a reasonable training and assistance fee.

4.11 Relocation. You may not relocate the Business without our prior written consent. Such approval will not be unreasonably withheld, provided that (i) the new location for the Business premises is satisfactory to us and you comply with our then-current real estate requirements, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the revenue of any other Business, (v) you have fully performed and complied with each provision of this Agreement within the last three years prior to, and as of, the date we consent to such relocation (the “**Relocation Request Date**”), and (vi) you are not in default under this Agreement as of the Relocation Request Date. If your Location lease expires or is otherwise

terminated, you must secure our approval of another site and enter a lease, sublease, or purchase agreement for the new approved site within ninety (90) days. If we consent to the Business's relocation, we have the right to charge you for the expenses we incur in connection with the relocation. We reserve the right to terminate this Agreement if you fail to secure a new approved site within ninety (90) days after you lose the original lease or sublease.

5. FEES.

5.1 Initial Franchise Fee. You agree to pay us a nonrecurring and nonrefundable initial franchise fee in the amount of Seventy-Five Thousand Dollars (\$75,000) (the "**Initial Franchise Fee**") when you execute this Agreement. However, if you are approved to establish a Business by rebranding an existing trampoline park that you have operated in one of our affiliated franchise systems, you will not be required to pay the Initial Franchise Fee.

5.2 Royalty Fee. You agree to pay us a nonrefundable royalty (the "**Royalty Fee**") per Accounting Period via EFT. The Royalty Fee your Business will pay shall be equal to six percent (6%) of the Gross Sales of the Business. We will collect the Royalty Fee on the Royalty Billing Day, pursuant to our Methods of Operation, via the EFT initiated by us or by a third party authorized by us from the designated account identified in Section 5.5 (Designated Account), or by such other means as we may authorize and approve.

5.3 Ad Fee. You must pay to us a continuing advertising fee in the amount of two percent (2%) of the Gross Sales for the Business (the "**Ad Fee**"), payable in the same manner as the Royalty Fee. The Ad Fee may be increased or decreased by us with at least thirty (30) days' notice to you but shall not exceed two and one-half percent (2.5%).

5.4 Other Fees. You agree to pay us or our Affiliates such other fees that are set forth in this Agreement or that we otherwise impose. Such fees shall be due at the same time and payable in the same manner as the Royalty Fee, unless different payment terms are expressly stated for such fees at the time they are imposed or thereafter.

5.5 Designated Account. Prior to the opening of the Business, and as a condition thereof, you shall establish a designated bank account from which we or our authorized designee shall be authorized to withdraw in any manner which we prescribe, which may include EFT or wire transfer, any amounts due to us, our Affiliates, or any supplier from you under this Agreement, including but not limited to, Royalty Fees and Ad Fees. We have the right to review your sales numbers daily. On the days designated as your Royalty Billing Days, we or our authorized designee shall calculate the Royalty Fee due for that Accounting Period and withdraw such amount and any other amounts due under this Agreement, including any Ad Fees or other fees, directly from the designated account. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You agree to always maintain sufficient funds in such designated bank accounts for such withdrawals.

5.6 Interest On Late Payments. All amounts which you owe us and do not pay us when due will bear interest after their due date at the lesser of: (a) the highest rate of interest permitted by law; or (b) 18% per annum. You acknowledge that this Section does not constitute

our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Business.

5.7 Application Of Payments. Notwithstanding any designation you might make, we have the right to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.

5.8 Authorized Supplier Payment. You acknowledge and agree that in order to ensure quality and consistency at all Businesses, we may require that you obtain goods or services from certain designated suppliers. Pursuant to our Methods of Operation, we may identify certain suppliers, that may include us, or any Affiliate, as a mandatory or approved supplier. You hereby acknowledge and agree that in the event we receive notice from any supplier that you are over 60 days past due on any payment to such supplier, and you have not provided any notice to the supplier disputing such overdue amount prior to our receipt of notice from the supplier concerning any such past due amount, you hereby authorize us to make payment on your behalf of any such overdue amount to such supplier. You acknowledge and agree we may pay any such overdue amount by withdrawing from your designated bank account an amount equal to the overdue amount owed to the supplier.

5.9 Non-Compliance Fee. In the event you are found in violation of any of the terms of this Agreement beyond any applicable cure period, we may impose a fee of \$250 per day for each day you remain out of compliance. If there is no cure period, the \$250 per day fine shall begin the day after we give you written notice. For any jumper who you do not obtain a waiver prior to them using the trampolines or other attractions at your Business, we have the right to charge you a fee of \$2,500 per violation. Nothing herein is intended to limit our rights of termination based on your violation of this Agreement.

5.10 Inspection And Compliance Reimbursement. You agree to reimburse us for our actual costs if, after an inspection of your Business, we determine (in our business judgment) that additional follow up inspections or assessments are required. Our actual costs may include (but are not necessarily limited to) travel, meals, and hourly wage expenses.

6. TRAINING, ASSISTANCE, AND METHODS OF OPERATION.

6.1 Training. Before the Business begins operating, we will furnish initial training on the operation of a Business to you (or, if you are an Entity, your Responsible Person), and your management team that consists of a minimum of three (3) managers and one (1) additional leader (collectively, “**Management Team**”). The initial training will be furnished at such time and place as we may designate. You (or your Responsible Person), and your Management Team are required to complete the initial training to our satisfaction. If you are an existing franchisee and you have previously completed our initial training program, you will not be required to attend the initial training program, however, we may require that certain of your employees and that any new general manager complete the initial training program. You also are required to participate in all other activities required to operate the Business. Although we will furnish initial training to you (or your Responsible Person) and your Management Team, at no additional fee or other charge, you will be responsible for all travel and living expenses and compensation which you (or your

Responsible Person) and your Owners or employees incur in connection with training. If we determine that you (or your Responsible Person) are unable to complete initial training to our satisfaction, we have the right to terminate this Agreement pursuant to Section 15.1 (Termination By Us). As of the Effective Date we do not have plans to change the initial training, but we reserve the right to do so. If the initial training changes before you enroll in the training program you, your Owners and your employees will be required to complete the initial training that is required of franchisees at such time.

6.2 Refresher Training. We may require you (or your Responsible Person) and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. We also may require you to pay us fees for training additional employees or your new employees hired after your Business commences operations.

6.3 General Guidance. We may advise you from time to time regarding operating issues concerning the Business disclosed by reports you submit to us or on-site inspections we make from time to time. Such guidance may be furnished in our Operations Manual, bulletins, e-mails, through our company intranet or other written materials or by any electronic transmission and/or during telephone consultations and/or consultations at our office or the Business. In addition, we may furnish guidance to you with respect to:

- (a) standards, specifications and operating procedures and methods utilized by the Business;
- (b) purchasing required Operating Assets, products, materials and supplies;
- (c) advertising and marketing program approvals;
- (d) employee training;
- (e) administrative, bookkeeping and accounting procedures;
- (f) use of authorized and approved Technology Systems; and

(g) sample or template forms or documents. ANY SUCH SAMPLE OR TEMPLATE FORMS ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND ARE NOT INTENDED AS LEGAL ADVICE. WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY DOCUMENT OR INFORMATION PROVIDED BY US. YOU SHOULD RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE ANY SUCH DOCUMENT OR INFORMATION TO CONFORM TO ALL APPLICABLE FEDERAL, STATE AND LOCAL LAWS.

6.4 On-Site Consultation and Additional Guidance. During the term of this Agreement, additional guidance may be provided in any of the following ways:

- (a) Internet and telephone consultation during such times as are outlined in the Operations Manual;

(b) wholesaling services whereby we may ourselves act as an approved or designated source for products, merchandise, accessories, Operating Assets, etc.;

(c) website and social media marketing assistance;

(d) ongoing marketing programs (not collateral) to fulfill our obligations in Section 10 (Marketing);

(e) meetings, seminars or conferences whereby we may get together with you and other franchisees for business or social purposes;

(f) research and development regarding Methods of Operation; and/or

(g) at your request, we may furnish additional guidance and assistance and, in such a case, may charge a reasonable fee for such assistance. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

6.5 Operations Manual. During the term of this Agreement, we will allow you to access or borrow our then-current Operations Manual. In our discretion, we may provide you the Operations Manual in paper or electronic form. The information provided contains mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe from time to time for the operation of a Business and information relating to your other obligations under this Agreement and related agreements. We may modify the Operations Manual from time to time to reflect changes in the law, marketplace, or our Methods of Operation. The Operations Manual and our Methods of Operations constitute confidential trade secrets and will remain our property. You agree to keep your copy of any bound operations manual and any information we share with you that is a part of our Methods of Operation and/or Operations Manual confidential pursuant to your confidentiality obligations set forth in this Agreement. You further agree to keep all such information secure whether hard copies located at the Business or by keeping all password protected electronic information secure. You agree that these requirements are reasonable and necessary to preserve the identity, reputation, value, and goodwill of the system.

6.6 Annual Convention. You or at least one representative identified by you will be required to attend our annual convention at a location to be determined by us in our sole discretion (“Convention”). You will pay all Convention fees established by us for each person attending the Convention, and you will also be responsible for all expenses, including travel meals and living costs, wages and other expenses incurred by the persons attending the Convention on your behalf. You must pay all Convention fees established by us, whether you attend the Convention or not. If you have not paid the Convention fees owed to us, fifteen (15) days before the Convention begins, the Convention fees will be automatically debited from your bank account. No Convention fees shall be refundable.

7. MARKS.

7.1 Ownership and Goodwill of Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Business pursuant to and in compliance

with this Agreement and the Methods of Operation. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our and our Affiliates' benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Business in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols we authorize you to use. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in the Agreement and in the Operations Manual.

7.2 Limitations On Your Use Of Marks. You agree to use the Marks as the sole identification of the Business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Marks, or any name that is confusingly similar with any Marks as part of any corporate or legal business name or as part of an Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the Business or an ownership interest in you. You agree to display the Marks in the manner we prescribe at the Business, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trademark and service marks registrations; i.e., "®", "TM", as we specify and to obtain any fictitious or assumed name registrations required under Applicable Law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.

7.3 Notification Of Infringements And Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks, or of any claim by any person of any rights in any Marks and agree not to communicate with any person other than us, our attorneys, and your attorneys in connection with any such infringement, challenge or claim. We have the right to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office ("USPTO") proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign all instruments and documents, render such assistance, and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks.

7.4 Discontinuance Of Use Of Marks. If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Marks and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

7.5 Indemnification Of Franchisee. We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your

authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs you reasonably incur in defending any such claim brought against you, provided you have timely notified us of such claim and provided further that you and your Owners and Affiliates are in compliance with this Agreement and all other agreements entered into with us or any of our Affiliates. We are entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark pursuant to this Agreement, and, if we undertake to prosecute, defend and/or settle any such matter, we have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you.

8. CONFIDENTIAL INFORMATION.

8.1 Confidential Information. We possess (and will continue to develop and acquire), and may disclose to you either orally or in writing, certain confidential information relating to the development and operation of Businesses (the “**Confidential Information**”), which may include:

- (a) site selection criteria and methodologies;
- (b) plans and specifications for the development of Businesses;
- (c) the Methods of Operation methods and knowledge and experience used in developing and operating Businesses, including the Operations Manuals;
- (d) sales, marketing and advertising programs and techniques for Businesses;
- (e) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Businesses;
- (f) knowledge of specifications for and suppliers of certain Operating Assets, products, materials and supplies;
- (g) knowledge of the operating results and financial performance of Businesses other than the Business;
- (h) methods of training and management relating to Businesses;
- (i) customer communication and retention programs, along with data used or generated in connection with those programs;
- (j) computer system and software programs used or useful in Businesses; and
- (k) all other information related to the Business or Businesses generally that we reasonably designate from time to time as confidential or proprietary. This includes all customer and membership lists and information for the Business and Businesses generally.

“Confidential Information” does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

8.2 Nondisclosure of Confidential Information. We will disclose the Confidential Information to you solely for your use in the operation of your Business. The Confidential Information is proprietary to us and our Affiliates and includes our trade secrets. During the term of this Agreement and thereafter: (a) you and your Owners may not use the Confidential Information in any other business or capacity; (b) you and your Owners must exert your best efforts to maintain the confidentiality of the Confidential Information; (c) you and your Owners may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; and (d) you and your Owners must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements (in a form that we prescribe or approve that identifies us as a third party beneficiary of such agreements with the independent right to enforce the agreement) with your Owners, officers, directors, managers, assistant managers, shift supervisors, and any other individuals who have access to the Confidential Information, which you must deliver to us. At the end of the term of this Agreement, you and your Owners must deliver to us all such Confidential Information in your possession. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of this Agreement.

8.3 Customer Information.

(a) Protection of Customer Information. You must comply with our Methods of Operation, other directions from us, and all Applicable Laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Information on your Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Information, and comply with all applicable privacy and data protection laws and regulations. You shall always comply with the Payment Card Industry Data Security Standards. “**Customer Information**” means names, contact information, financial information, and other personal information of or relating to the Business’s customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take because of a breach of security or unauthorized access to Customer Information in your control or possession.

(b) Ownership of Customer Information. You agree that all Customer Information that you collect in connection with your Business is deemed to be owned by us and must be furnished to us at any time that we request it. In addition, we and our affiliates may,

through the Technology System or otherwise, have independent access to Customer Information, in compliance with applicable privacy and data protection laws and regulations.

(c) **Use of Customer Information.** You have the right to use Customer Information while this Agreement or a successor franchise agreement is in effect, but only to market SKY ZONE products and services to customers in accordance with the policies that we establish periodically and Applicable Laws. You may not sell, transfer, or use Customer Information for any purpose other than marketing SKY ZONE products and services. We and our Affiliates may use Customer Information in any manner or for any purpose. You must secure from your actual and prospective customers and others all consents and authorizations, and provide them all disclosures, that Applicable Law requires to transmit Customer Information to us and our Affiliates, and for us and our Affiliates to use that Customer Information, in the manner that this Agreement contemplates.

9. SKY ZONE METHODS OF OPERATION.

9.1 Compliance With Methods of Operation. You acknowledge that each aspect of the interior and exterior appearance, layout, decor, services, and operation of your Business is important to protect our reputation and goodwill and to maintain uniform operating standards under the Marks. Any required standards exist to protect our interest in the System and the Marks and are not for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to you. You agree to operate and maintain the Business in full compliance with any mandatory specifications, standards, and operating procedures set forth in our Methods of Operation and Operations Manual, as we periodically modify and supplement them during the term of this Agreement, relating to the appearance, function, cleanliness, or operation of a Business. Your Business may not be used for any purpose, other than the operation of a Business in compliance with this Agreement. You agree that your Business will offer courteous and efficient service and a pleasant ambiance. You must keep the Business open for business to the public at least during the hours we prescribe from time to time in the Operations Manual or otherwise approve, unless prohibited by Applicable Laws or by the lease for the Location. You acknowledge and agree that such mandatory standards also include that you shall, under no circumstances, exceed the maximum capacity of the Business as determined by us, including maximum capacity for individual pieces of equipment, and that you shall always ensure that its security camera system is operational and that we have independent access to such security camera system. You further acknowledge and agree that the maximum capacity set by us as described herein may be more stringent than maximum capacity requirements of local laws, but we have established the maximum capacity for safety reasons based on the size, layout and design of your Business.

9.2 Provisions Of This Agreement. You agree that the Methods of Operation prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include the Operations Manual and all of the Methods of Operation as may be periodically modified.

9.3 Modification Of Methods Of Operation. We may periodically modify the Methods of Operation, which modifications may include regional or local variations as we

determine, provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. You acknowledge that any modifications to the Methods of Operation may obligate you to invest additional capital in the Business (“**Capital Modifications**”) and/or incur higher operating costs. We will not obligate you to make any Capital Modifications when such investment cannot, in our reasonable judgment, be amortized during the remaining term of this Agreement, unless we agree to extend the term of this Agreement so that such additional investment, in our reasonable judgment, may be amortized, or unless such investment is necessary to comply with Applicable Laws.

9.4 Condition Of Your Business.

(a) **Maintenance.** You must maintain the condition and appearance of your Business so that it is attractive, clean, and efficiently operated in accordance with the Operations Manual. You agree to make such modifications and additions to the layout, decor, operations, and general theme of the Business as we require from time to time, including replacement of worn-out or obsolete Operating Assets, repair of the interior and exterior and appurtenant parking areas, and periodic cleaning and redecorating. If at any time the general state of repair, appearance or cleanliness of your Business, or its Operating Assets, does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within ten (10) days after receiving such notice, you fail or refuse to initiate and thereafter continue in good faith and with due diligence a bona fide program to complete such required maintenance, we have the right (in addition to our rights under Section 15 (Termination of this Agreement), but not the obligation, to enter the Location and do such maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses.

(b) **Remodeling and Upgrades.** You must periodically re-equip, upgrade and/or remodel your Business pursuant to our plans and specifications, provided, however, that, except for signage, we will not require substantial remodeling more often than every four years during the term of this Agreement. In addition, on or about the tenth (10th) anniversary of the Effective Date, we have the right, in our business judgment, to require that you fully remodel and/or expand the Business, add or replace improvements, equipment and signs and otherwise modify the Business as we require to bring it into compliance with specifications and standards then applicable for Businesses, or if you are unable to maintain possession of the Location, or if in our judgment the Business should be relocated, you must secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Businesses and continue to operate the Business at the Location until operations are transferred to the substitute premises.

(c) **Repair and Reconstruction.** If your Business is damaged or destroyed by fire or other casualty, you must initiate within 30 days (and continue until completion) all repairs or reconstruction to restore your Business to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Business in accordance with our then-standard layout and decor specifications, we may require you to repair or reconstruct your Business in accordance with those specifications. You may not make any alterations to your Business, nor any replacements, relocations, or alterations of Operating, without our written approval. We have the

right, at your expense, to rectify any replacements, relocations or alterations not previously approved by us.

9.5 Products and Services You May Offer.

(a) Offerings. You agree that your Business will offer for sale such services, products, and merchandise related to the concept that we determine from time to time to be appropriate for your Business. You further agree that your Business will not, without our written approval, offer any services, products (including promotional items), or attractions not then authorized by us. In addition, you must offer the specific products, services, and attractions that we require in the Operations Manual or otherwise in writing. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our Methods of Operation. We may change these specifications periodically, and we may designate specific products, services, or attractions as optional or mandatory. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Operations Manual (or to meet reasonably anticipated customer demand if we have not prescribed specific standards). You may not install or operate any video, arcade, lottery games or games of chance, which are strictly prohibited from your Business.

(b) Test Marketing. We may conduct market research to determine consumer trends and salability of new services and products. You agree to cooperate by participating in our market research programs; by test marketing new services and merchandise in your Business and providing us timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

9.6 Products, Supplies, Operating Assets, and Services.

(a) Purchases. We have the right to require that products, supplies, Operating Assets, and services that you purchase for resale or purchase or lease for use in your Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our Affiliates or a buying cooperative organized by us or our Affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for items or services, we will publish our requirements in the Operations Manual or otherwise in writing. You will establish independent commercial relationships with our approved suppliers for specific items and with other suppliers for the goods and services for which we only provide specifications.

(b) Required Purchases from Us or Our Affiliates. So long as this Agreement is in effect, you agree to purchase the products which may be listed in the Manual or otherwise in writing from us or our Affiliates. Currently these products are the Attractions (including installation), balls, stickers, wristbands and SkySocks. You may purchase certain marketing materials and certain merchandise from us or our Affiliates. These items may change in the future and other items may be added. You acknowledge that your agreement to comply with the foregoing is a material condition upon which this franchise is granted. Further, to maintain the high standards

of quality and uniformity associated with the System, you acknowledge that the use of any proprietary products which you must purchase from us or our Affiliates, are an integral part of operating the Business. You acknowledge that we and our Affiliates may be approved suppliers and may be the only approved suppliers for certain products. If we or our Affiliates are unable to offer these items, we may designate an approved supplier or suppliers for these items.

(c) Availability. Contingent upon the availability of products, we and our Affiliates will use commercially reasonable efforts to supply such products to you within a reasonable time after the receipt of said orders, provided, however, that neither we nor our Affiliates warrants that: (i) we or our Affiliates will be able to obtain all such products, or (ii) that the products will be obtained by the dates requested.

(d) Pricing. We and our Affiliates, to preserve our legitimate interest in protecting the quality of the Sky Zone Indoor Trampoline Businesses and the SKY ZONE brand, reputation and goodwill, reserve the right to, to the fullest extent allowed by applicable law, establish and have exclusive control over the prices, discounts, specifications, and all other terms and conditions governing the sale of products to you. Pricing of product is subject to change at any time or from time to time by us or our Affiliates effective upon thirty (30) days prior notice to you. Generally, prices will change when the manufacturer's prices to us or our Affiliates change or the cost of oil or steel increases. You must submit for our approval any attempts to discount or promote the jump time pricing because it may impact brand equity.

(e) Terms of Purchase. All purchases of products, supplies and equipment from us or our Affiliates, must be personally guaranteed by the individuals who are required to guarantee this Agreement pursuant to the Guarantee attached hereto. The terms of payment will be established by us and our Affiliates from time to time.

(f) Revenue from Purchases. You acknowledge and agree that we and/or our Affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our Affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all our franchisees. We and our Affiliates may use all amounts received from suppliers and/or distributors, whether based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our Affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Sales.

(g) Approval Process. If you would like to offer products, services, or classes or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service

provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer or use in your Business may differ from those that we permit or require to be offered or used in other Businesses.

(h) **Revocation of Approval.** We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly approved item or service or any items or services from the formerly approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct. If we revoke approval of a previously approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

9.7 Compliance With Laws. You must maintain in force in your name all required license permits and certificates relating to the operation of your Business. You must operate your Business in full compliance with all Applicable Laws. You must notify us in writing immediately upon the commencement of any legal or administrative action, or the issuance of an order of any court, agency, or other governmental instrumentality, which may adversely affect the development, occupancy or operation of your Business or your financial condition; or the delivery of any notice of violation or alleged violation of any Applicable Law, including those relating to health or sanitation at your Business. All your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. In all dealings with us, as well as your customers, suppliers, lessors, and the public, you must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, to the business of other Businesses or to the goodwill associated with the Marks. You agree to keep up to date on the developing ASTM standards for the safe operations of trampoline parks and to comply with such standards.

9.8 Personnel.

(a) **Your Responsibility.** You are solely responsible for all employment decisions with respect to your personnel, including hiring, firing, compensation, benefits, training, supervision, and discipline, regardless of whether you receive any advice from us on any of these subjects. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Operations Manuals or otherwise for your optional use. You shall determine to what extent, if any, these policies, and procedures may be applicable to your operations at the Business. Any training

that we provide to your employees will be limited to teaching them brand standards and about the System.

(b) Management. Your Business must be staffed by at least one trained general manager and appropriate numbers of assistant managers, shift supervisors, and personnel so that all shifts are staffed by at least one assistant manager or shift supervisor, unless otherwise approved by us.

9.9 Insurance.

(a) Master Insurance Program. In conjunction with our broker and underwriting partners, we and Sky Zone, LLC have developed an insurance and risk management program, which we may amend from time to time in our sole discretion (“**Master Insurance Program**”). You agree to participate in the Master Insurance Program and any subsequent or additional mandatory insurance program we or our affiliates may create. You also agree to pay via EFT, on a monthly basis, your allocated share of the overall systemwide Master Insurance Program costs (the “**Total Cost of Risk**”), which we or our affiliates determine in our sole discretion. We or our affiliates may recalculate the Total Cost of Risk every six (6) months (each six (6)-month period, a “**Coverage Period**”), at which time the Total Cost of Risk may increase or decrease. We will notify you of your Total Cost of Risk prior to the commencement of each Coverage Period. We and our affiliates may use or distribute any Total Cost of Risk payments that we collect from you that are related to the Master Insurance Program for any purpose, without limitation. The continuation of the Master Insurance Program is dependent on many factors and nothing herein shall constitute a guarantee or promise that we will continue to offer the Master Insurance Program, or any particular coverage or service included therein, that the Total Cost of Risk or other charges related to the Master Insurance Program will remain the same, or that the Master Insurance Program will continue being offered during the term of this Agreement or for any other period of time. We cannot guarantee that the Master Insurance Program coverage will remain the same or that the Total Cost of Risk, Captive SIR Program (defined below) amounts, or other fees related to the Master Insurance Program will not change in the future. We may discontinue or modify the Master Insurance Program at any time and may require you to participate in additional or replacement mandatory insurance programs. If we at any time discontinue, or reduce the scope of, the Master Insurance Program, you will be required to buy and maintain at your own expense, insurance with at least the same level of coverage as provided under the then current Master Insurance Program, from an approved supplier of general liability and excess insurance. If your state requires greater coverage amounts than that offered in the Master Insurance Program, you must obtain and maintain any additional coverage as required by your state.

(b) Captive Self-Insured Retention Program. Under the Master Insurance Program, each claim has a \$250,000 self-insured retention. We have established the Captive Self-Insured Retention Program (the “**Captive SIR Program**”) as part of the Master Insurance Program in which you must participate. The Captive SIR Program Terms and Conditions included in the Operations Manual shall govern your participation in the Captive SIR Program. The Captive SIR Program will be used to fund claims that are above \$10,000 and up to the \$250,000 self-insured retention per claim. The funds will be held in a separate account and managed by us or one of our affiliates and are nonrefundable. All costs of administering the Captive SIR Program will come from amounts contributed to the Master Insurance Program by individual Businesses through the

Total Cost of Risk payments. A regular actuarial analysis of the amount of estimated losses covered by the \$250,000 self-insured retention and the estimated losses covered by each Business's \$10,000 deductible responsibility for the per-claim self-insured retention will be completed by our insurance broker and their actuarial team. Each Business must make non-refundable monthly payments into the Captive SIR Program (as part of the Total Cost of Risk payments) and pay up to the \$10,000 per claim costs as part of the self-insured retention. Contributions to the Captive SIR Program and the up to \$10,000 per claim may be collected via EFT from your bank accounts, in our sole discretion. All administrative costs and expenses associated with the Captive SIR Program will be paid out of the Total Cost of Risk payments.

(c) The continuation of the Master Insurance Program and/or Captive SIR Program is dependent on many factors and nothing herein shall constitute a guarantee or promise that we will continue to offer the Master Insurance Program and/or Captive SIR Program, or any particular coverage or service included therein, that any fees related to the Master Insurance Program and/or Captive SIR Program will remain the same, or that the Master Insurance Program and/or Captive SIR Program will continue being offered during the Term of this Agreement or for any other time period. We reserve the right to discontinue or modify the Master Insurance Program and/or Captive SIR Program at any time. In addition, without limiting any rights we have reserved in Section 9.9(a) above, we reserve the right to implement new insurance programs in which you must participate at your sole cost and expense, including programs made available by a captive self-insured retention company.

(d) Notwithstanding the Master Insurance Program and Captive SIR Program, during the Term, you must maintain in force at your sole expense insurance coverage for the Business in the amounts, and covering the risks, we periodically specify in the Operations Manual. We may require some or all your insurance policies to provide for waiver of subrogation in favor of us and certain of our affiliates. Your insurance carriers must be licensed to do business in the state in which the Business is located and be rated "A" or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the Business. We may periodically increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time we deem necessary or appropriate to reflect, among other factors, inflation, identification of new risks, changes in Law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and any affiliates we periodically designate as additional insureds and provide for thirty (30) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal or any non-payment. You must periodically, including before the Business opens, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified here or in the Operations Manual and the payment of premiums. We will require you to use our designated insurance broker or vendors which may include us or our Affiliates to facilitate your compliance with the insurance requirements. We have the right to obtain insurance coverage for the Business at your expense if you fail to do so, in which case you must reimburse our costs in a timely fashion. We also have the right to defend claims in our sole discretion.

(e) You must, at your sole cost and expense, procure, prior to the commencement of construction or any operations under this Agreement, and shall maintain insurance of the types and in such amounts as may be required below or as set forth in the then

current Operations Manual, and by the terms of any lease, sublease, mortgage or deed of trust for the Business and in no event less than the following coverage in the following minimum amounts:

(i) Workers compensation with minimum amounts as follows: \$500,000 per accident, \$500,000 disease policy limit, and \$500,000 disease limit per employee;

(ii) Participation in the Master Insurance Program and Captive SIR Program, or if such programs are discontinued, comprehensive general liability coverage in an amount not less than \$1,000,000.00 per occurrence and \$3,000,000.00 aggregate with an “A” AM Best rated carrier. Such coverage will include: (a) Bodily injury to or death of one or more persons; (b) Property insurance including damage or destruction and builder’s risk; (c) Product liability and completed operation liability; (d) Broad form contractual liability, specifically including the indemnification of us and our affiliates; (e) Fire legal liability; and (f) non-owned automobile liability; and

(iii) Excess or umbrella liability insurance with limits of not less than \$5,000,000 with an “A” AM Best rated carrier.

(f) We may, from time to time, in our sole discretion, make such changes in minimum types of policies, policy limits, coverage, endorsements and other provisions as it may determine.

(g) Regardless of the Master Insurance Program and Captive SIR Program or the amounts set forth in this Agreement or the Operations Manual, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a “claims made” basis, which through the purchase of an extended reporting endorsement (i.e., “tail” insurance”) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24 month period following the end of the policy period.

i. All general liability insurance policies will provide that we must receive 30 days prior written notice of any termination, expiration or cancellation of the insurance policy. Each insurance policy maintained by you for the Business must: (a) name you as the first named insured; (b) must name us, and our Affiliates, successors, and assigns as additional insureds; (c) include a waiver of the insurer’s right of subrogation against any additional insureds; and (d) provide coverage for your indemnification obligations under this Agreement.

ii. If you fail to maintain such insurance, we may procure such insurance on behalf of you, and will be entitled to reimbursement from you, in addition to any other rights and remedies under this Agreement. However, we are not obligated to obtain such insurance on behalf of you.

iii. You should determine, through consultation with your advisors, if additional insurance is necessary, and you recognize that any recommended levels are merely minimum requirements.

iv. Your failure to maintain coverage will not relieve you of any contractual responsibility or obligation or liability under this Agreement.

v. You must use an approved supplier for general liability and excess insurance, but all other insurance may be obtained from any licensed insurance agent or broker.

(h) **Business Interruptions.** For any interruption in the operation of the Business, you shall continue to pay us, during such period of interruption, continuing Royalty Fees based on the average monthly Royalty Fees paid by you during the 12 months immediately preceding the period of interruption if you have business interruption insurance.

9.10 Quality Control. We have the right to establish “quality control” programs, such as a “mystery shopper” or “secret shopper” program, a customer satisfaction measurement program, and/or a “customer intercept” program, to ensure the highest quality of service and products in all Businesses. You shall participate in any such quality control programs, and bear your pro-rata share, as determined by us, of the costs of any such program.

9.11 Pricing Policies. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Operations Manual or otherwise in writing from time to time. You must provide us with your current price list upon our request.

9.12 Technology System.

(a) **Use of Technology System.** You must obtain, maintain, and use the Technology System that we specify in your Business. You must use the Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) create management contracts: (v) generate sales reports and analysis relating to the Business, (vi) manage waivers, and (vi) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

(b) **Changes to Technology System.** We may add, remove, or modify components of the Technology System periodically and may designate approved suppliers or specifications for such items. You must replace, upgrade, or update at your expense the Technology System as we may require periodically without limitation. You may be required to invest in and implement new technology initiatives at your own expense, which may include changes related to the acceptance of new payment methods, monitors, music, Internet TV broadcast, software management applications, surveillance systems, e-learning modules, and software applications designed to better manage business functions and control costs. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements.

(c) **Restrictions on Technology System.** You agree: (i) that your Technology System will be dedicated for business uses relating to the operation of the Business; (ii) to use the Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Operations Manual; (iv) to do all things necessary to give us unrestricted access to the Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (v) to maintain the Technology System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Technology System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Technology System. If you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement.

(d) **Security Cameras.** As part of the Technology System, you must install and maintain security cameras to our specifications that will be used to ensure that quality and safety standards are maintained. You must ensure that your security camera system is always operational and that we have independent access to your security system at all times.

(e) **Digital Communication.** You must, at your expense, communicate electronically with us, using methods that we designate, including e-mail and use of our Intranet. Your right to participate in the SKY ZONE web site or any intranet system we may develop or otherwise use the Marks or System on the internet or other on-line communicators terminates when this Agreement expires or terminates.

9.13 Reciprocal Membership/Coupons. You must participate fully in any reciprocal access program or company discount coupons that we may design or implement. You agree and acknowledge that when a person redeems any discounted coupons at your Business or uses your Business pursuant to a reciprocal access program, you are not entitled to reimbursement for membership fees, or the cost of goods or services provided to the member as a reciprocal access benefit.

9.14 Non-Compliance. While the day-to-day operation of your Business and the safety and well-being of your customers is your responsibility, we reserve the right to turn off your access to the point-of-sale system, or limit the number of jumpers who can simultaneously be entered through the point-of-sale system, if we believe the safety or well-being of any of your customers are in danger, or if there are other significant quality breaches in the operation of your Business. Any such business interruption shall be without liability to us, and we will not be responsible for any lost profits or other damages you sustain.

9.15 Innovations. All ideas, concepts, procedures, techniques, or processes relating to a Business or the System (“**Innovations**”), whether or not protectable intellectual property and whether created by or for you or your Owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you will assign ownership of that item, and all related rights to that item, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request

to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our Affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Business or otherwise without our prior approval.

9.16 General Conduct. You will not, and will not allow your Owners or employees to, engage in conduct that, in our sole determination, may result in or tends to (a) degrade, offend, shock, or insult the community, (b) ridicule public morals or decency, or (c) prejudice or harm us, our Affiliates, the Marks or the System generally. You will (and will ensure that your Owners and employees) conduct yourself with due regard to public conventions and morals.

9.17 Safety and Security Procedures. You are solely responsible to take appropriate security and safety measures to protect its employees, guests, those engaging in business with you, those coming on the premises of the Business and the public at large. We do not in any way share any of that responsibility. You are responsible for obtaining its own legal advice with respect to the preparation and enforceability of any guest waiver forms.

10. MARKETING.

10.1 National Advertising.

(a) **National Advertising Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of Businesses and the SKY ZONE brand, we have established and administer a National Advertising Fund (“NAF”) for the creation and development of marketing, advertising and related programs and materials, including electronic, print and Internet media as well as the planning and purchasing of national and/or regional network advertising. You agree to contribute the Ad Fee to the NAF. We will direct all programs financed by the NAF and retain the right to determine the creative concepts materials and endorsements used therein and the geographic market and media placement and allocation thereof.

(b) **Use of Funds.** You agree that the NAF may be used to pay the costs researching, developing, administering and preparing national, regional, point of sale and local direct sales advertising and marketing strategy materials for use by the SKY ZONE brand and Businesses, including preparing and producing video, audio and written advertising materials; website design, development and updating; electronic advertising efforts, including search engine optimization and social media networks and related platforms; administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising; administrative and other costs associated with all NAF efforts; and employing advertising, promotion and marketing agencies to assist therewith and supporting public relations, market research and other advertising promotion and marketing activities and amounts expended pursuant to this Section. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, and shall not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, overhead, and similar expenses we may incur in activities related to the administration of the NAF and all costs of development and preparing national, regional, point of sale, and local advertising materials for use within the System.

(c) **Materials.** We will furnish you with samples of advertising, marketing formats, promotional formats and other materials produced by the NAF at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at your direct cost of producing them plus any related shipping handling and storage charges.

(d) **Advisory Council.** We currently have set up an advisory council that works with us to improve the System, including the products and services offered, advertising campaign, and other matters of interest to us and our franchisees to improve the System (“FAC”). FAC will not have any decision-making authority and will be constituted, modified and dissolved by us, in our sole discretion. We have the right to form, change, merge or dissolve any advisory council at any time.

10.2 Accounting. The NAF will be accounted for separately from our other funds. The NAF will have the right to negotiate and retain any commissions or marketing payments received from suppliers of any marketing or other materials or products. We may spend on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Businesses to the NAF in that year and the NAF may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. We will prepare an annual statement of monies collected and costs incurred by the NAF and furnish the statement to you upon written request. We have the right to cause the NAF to be incorporated or operated through a separate Entity at such time as we deem appropriate and such successor Entity will have all of the rights and duties specified herein.

10.3 Proportionality. You acknowledge that the NAF is intended to maximize recognition of the Marks and patronage of Businesses. Although we will endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit all Businesses, we are not obligated to ensure that expenditures by the NAF in or effecting any geographic area are proportionate or equivalent to the contributions to the NAF by Businesses operating in that geographic area. Nor are we under any obligation to ensure that any Business will benefit directly or in proportion to its NAF contributions paid to the NAF from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing, or administering the NAF. We do not act as trustee or in any other fiduciary capacity with respect to the NAF.

10.4 Deferrals Or Reductions. We reserve the right to defer or reduce contributions of any Business franchisee and, upon thirty (30) days’ prior written notice to you, to reduce or suspend your payment of contributions to the NAF and suspend operations of the NAF for one or more periods of any length and to terminate (and if terminated to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the NAF during the preceding three (3) month period, and amounts required to be paid pursuant to Section 10.1 (National Advertising) shall be added to amounts required to be expended pursuant to Section 10.5 (Local Advertising).

10.5 Local Advertising.

(a) **Obligation to Advertise.** You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense. You must use your best efforts to promote the use of the Marks in your Territory. You must ensure that all your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Business is completely clear, factual, and not misleading, complies with all Applicable Laws, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we agree otherwise. There are no territorial restrictions from accepting business from retail customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing.

(b) **Approvals.** You must submit to us at least 30 days prior to their intended use, for our prior approval, a marketing plan and samples of all advertising and promotional materials not prepared or previously approved by us in the prior 12 months. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. If you elect to work with an advertising agency, you must obtain our written approval of such advertising agency before you sign any contracts or share any Confidential Information with the advertising agency. You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Operations Manuals. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 15 days from the date we received the material, the material is deemed approved. We will own the copyright to anything so submitted, whether approved by us or not. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

(c) **Local Advertising Funding Requirement.** In addition to the contributions, you pay to the NAF and the Pre-Opening Marketing Expense, in the second, third and fourth months in which the Business is open, you must spend at least Twelve Thousand Dollars (\$12,000) per month (depending on the size of the Business and its location) on local advertising on local advertising and promotional activities in your Territory (the “Local Advertising Funding Requirement”). Thereafter, you must spend a minimum of four percent (4%) of the Business’ Gross Sales per month on local advertising on a quarterly basis.

(d) **Valid Expenditures.** The following expenses may count towards the Local Advertising Funding Requirement: (i) amounts contributed to advertising cooperatives; (ii) amounts spent by you for advertising media, such as television, radio, Internet, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on public vehicles (transit and aerial), and (iii) if not provided by us, cost of producing approved materials necessary to participate in these media. The following expenses do not count towards the Local Advertising Requirement: (a) permanent on-premises signs, (b) lighting, personnel salaries, or administrative costs, (c) transportation vehicles (even though such vehicles may display the Marks), (d) Yellow Pages advertising, (e) discounts, (f) free offers, and (g) employee incentive programs. We have the

right to modify or designate in the Operations Manual the types of expenditures that will or will not count toward the Local Advertising Funding Requirement.

(e) **Payment to Us.** At our request, you must submit appropriate documentation to verify compliance with the Local Advertising Funding Requirement. If you fail to spend (or prove that you spent) the Local Advertising Funding Requirement in any month, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Ad Fee or to pay us the shortfall for us to spend on local marketing for your Business. In addition, we may require you to pay the Local Advertising Funding Requirement to us for us to use to administer your local advertising (or to reimburse you, up to an amount not to exceed the monies so collected, for the costs incurred by you in implementing local marketing plans developed by you and approved by us) if, in our business judgment, we determine that (i) you are under-performing, (ii) our participation is appropriate or necessary, or (iii) you have failed to comply with the Local Advertising Funding Requirement. If we require you to pay the Local Advertising Funding Requirement, you must pay it to us in the same manner and at the same time as the Royalty Fees.

10.6 Advertising Cooperatives. We have the right to establish or approve local and/or regional advertising cooperatives for Businesses in your local or regional areas, covering such geographical areas as we may designate from time to time. You must participate in any such cooperative and its programs and abide by its by-laws. If your Business is within the territory of an existing Cooperative at the time your Business opens for business, you agree to immediately become a member of the Cooperative. If a Cooperative applicable to your Business is established during the term of this Agreement, you agree to become a member no later than 30 days after the date approved by us for the Cooperative to commence operation. The following provisions shall apply to each Cooperative:

(a) Each Cooperative shall utilize a voting system of one vote per one eligible Business.

(b) Each Cooperative shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by us in writing. No changes in the by-laws or other governing documents of a Cooperative shall be made without our prior written consent. We shall have the right to unilaterally change the by-laws or other governing documents of a Cooperative.

(c) Each Cooperative shall be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in the Cooperative.

(d) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without prior approval by us in accordance with the procedure and standards set forth in Section 10.5(b) (Approvals).

(e) You and each other member of the Cooperative shall contribute to the Cooperative, using a collection structure selected and established by us, the amount determined in accordance with the Cooperative's by-laws. Any Businesses owned by us or any of our Affiliates

located in such designated local or regional area(s) will contribute to the Cooperative on the same basis. At our request, you shall furnish us with copies of such information and documentation evidencing your Cooperative contributions as we may require to evidence your compliance with this Section 10.6. Contributions to such local and/or regional advertising cooperatives are credited towards the Local Advertising Funding Requirement; however, if we provide you and your Cooperative 90 days' notice of a special promotion, including any regional promotions, you must participate in such promotion and pay to us any special promotion advertising fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such special promotion is concluded. Any such special promotion advertising fees shall be in addition to, and not credited towards, the other advertising expenditures and commitments required of you by this Section 10.

10.7 Community Marketing Programs. You must participate in, at your expense, our guerrilla marketing programs and campaigns that we develop and administer from time to time in our Operations Manual or other communications with you. Community marketing may include participation in community events, street fairs, seasonal events and festivals, farmers markets and sponsorships of adult and children's sports teams. You must also sponsor local fundraising events by making your park available as a venue and revenue sharing programs.

10.8 Digital Marketing.

(a) **Restrictions on Use.** We or our Affiliates may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, LinkedIn, Yelp, Instagram, Pinterest, etc.), applications, keyword or ad word purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Business. Unless we consent otherwise in writing, you and your employees may not, directly, or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Business or the network. You may not separately register any domain name, create any username, or operate any web site containing any of the Marks without our written approval. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. We may withdraw our approval for any Digital Marketing at any time.

(b) **Our Website.** As part of our Digital Marketing, we or one of our designees will operate and maintain a SKY ZONE website, which will include basic information related to the Business. You must promptly provide us with any information that we request regarding your Business for inclusion on the website. We retain all rights relating to the SKY ZONE web site and may alter or terminate the web site.

11. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

11.1 Records. You agree to establish and maintain at your own expense a bookkeeping, accounting and ~~record-keeping~~record-keeping system conforming to the requirements and formats we prescribe from time to time. You agree to prepare and to maintain for three years complete and accurate books, records (including invoices and records relating to your advertising expenditures) and accounts (using our then-current standard chart of accounts) for your Business, copies of your sales tax returns and such portions of your state and federal income tax returns as relate to your Business. All such books and records shall be kept at your principal address indicated on the first page of this Agreement, unless we otherwise approve. You must record all sales using the Technology System, which we have the independent right to access at any time. All data pertaining to your Business, and all data you create or collect in connection with the System, or in connection with your operation of the Business (including data pertaining to or otherwise concerning your members) or otherwise provided by you (including 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. Such data will be part of the Confidential Information. 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 conducted under this Agreement.

11.2 Periodic Reports. You must furnish us:

(a) within 30 days after the end of each fiscal quarter, a quarterly balance sheet and income statement and statement of cash flow of your Business for such quarter, reflecting any adjustments and accruals;

(b) within 90 days after the end of each fiscal year, a year-end balance sheet and income statement and statement of cash flow of your Business for such year, reflecting all year-end adjustments and accruals; and

(c) within 30 days of our request, such other information as we may require from time to time, including sales data and labor cost reports and sales and income tax statements. All such reports shall use our then-current standard chart of accounts.

11.3 Verification. You agree to verify and sign each report and financial statement in the manner we prescribe. We reserve the right to require that your annual financial statements be audited, at your expense, by an independent certified public accountant approved by us. We reserve the right to publish or disclose information that we obtain under this Section in any data compilations, collections, or aggregations that we deem appropriate so long as we do not disclose information relating to performance of your individual Business, unless such disclosure is required by Applicable Law or order of a court.

12. INSPECTIONS AND AUDITS.

12.1 Our Right To Inspect The Business. To determine whether you and the Business are complying with this Agreement and Methods of Operation, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- (a) inspect the Business;
- (b) observe, photograph and videotape the operations of the Business for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, materials or supplies for testing and analysis;
- (d) interview personnel and customers of the Business;
- (e) inspect and copy any books, records (whether electronic or hard copy) and documents relating to your operation of the Business, including member and membership information;
- (f) retrieve such data and information from your security camera system or other components of the Technology System including obtaining such information from third parties or vendors.

12.2 Cooperation. You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf.

12.3 Our Right to Audit. We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are an Entity) and the Business's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. In the event an inspection or audit reveals that any payments have been understated in any report to us, then you shall immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by Applicable Law. If an inspection or audit discloses an understatement in any report of 2% or more, you shall, in addition to repayment of monies owed with interest, reimburse us for all costs and expenses connected with the inspection or audit, including the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and Applicable Law.

13. TRANSFER.

13.1 By Us. We have the right to sell or assign, in whole or in part, our interests in this Agreement, and any such sale or assignment will inure to the benefit of any assignee or other legal successor to our interests herein.

13.2 By You. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are an Entity, to your Owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your Owners') individual or collective character, skill, aptitude, attitude, business ability, acumen, and financial capacity.

Accordingly, you and your Owners may not conduct a Transfer without our prior written approval. Any Transfer without such approval constitutes a breach of this Agreement and is void and of no effect. For any proposed Transfers, you must promptly give us written notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We have sole and absolute discretion to withhold our consent, except as otherwise provided in this Section 13. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least 60 days after we receive written notice of the proposed Transfer. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement. If your Business is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so.

13.3 Conditions For Approval Of Transfer. If you (and your Owners) are in full compliance with this Agreement and the conditions of this Section 13.3 are met, we will not unreasonably withhold our consent to Transfer, but we may give our consent subject to reasonable conditions. A Transfer of ownership, possession or control of the Business may be made only in conjunction with a Transfer of this Agreement. We may if we deem it necessary in our sole discretion require the transferee in any Transfer to renovate, modify, or re-design the Business to the then-current standards and specifications of a Sky Zone Park.

(a) **Control Transfers.** If the Transfer is of this Agreement or a controlling interest in you, or is one of a series of Transfers which in the aggregate constitute the Transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the Transfer:

(i) the transferee and its direct and indirect owners have the moral character, aptitude, attitude, experience, references, acumen and financial capacity to operate the Business and meet our then-current standards for franchisees, and the proposed transferee may not be an Entity, or be affiliated with an Entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended;

(ii) you have paid all Royalties, Ad Fees, amounts owed for purchases from us and all other amounts owed to us or to third party creditors and have submitted all required reports and statements;

(iii) the transferee (or its Responsible Person) and its managers, shift supervisors and personnel must have completed our initial training program or must be currently certified by us to operate and/or manage a Business to our satisfaction prior to closing;

(iv) the transferee has agreed to be bound by all of the terms and conditions of this Agreement for the remainder of its term or, at our option, must execute our then-current standard form of franchise agreement and related documents used in the state in which your Business is located (which may provide for different royalties, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement);

(v) the transferee (and, if the transferee is an individual, such owners of a legal or beneficial interest in the transferee as we may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee;

(vi) you pay us a transfer fee equal to fifty percent (50%) of the then-current initial franchise fee. If the proposed Transfer is among your Owners, this Section 13.3(a)(vi) will not apply, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the Transfer;

(vii) you (and your transferring Owners) have executed a general release, in form satisfactory to us, of any and all claims against us, our Affiliates, and our and their shareholders, officers, directors, employees and agents;

(viii) we have approved the material terms and conditions of such Transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Business;

(ix) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Business are subordinate to the transferee's obligation to pay Royalty Fees, Ad Fees, and other amounts due to us and otherwise to comply with this Agreement;

(x) you must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the lease for the Location to your transferee;

(xi) your proposed transferee must covenant that it will continue to operate the Business under the Marks and using the System and must arrange to modernize, renovate, or upgrade the Business, at its expense, to conform to our then-current standards for new Businesses; and

(xii) you and/or any transferring Owner(s) have executed an agreement in favor of us agreeing to remain bound by the restrictions contained in Sections 16.2 (Discontinue Use of the System and the Marks), 16.3 (Return of Confidential Information), and 17.2 (Post-Term Covenant Not to Compete) as if this Agreement had terminated. You agree that the restrictions referenced in the immediately preceding sentence will continue to apply regardless of whether you and/or any transferring Owner(s) execute an agreement confirming the survival of these restrictions. You and each of your Owners further agree that the provisions of Section 19.12 (Governing Law) and 19.13 (Consent to Jurisdiction) survive the partial or full Transfer of an Owner's interest in you.

(b) **Other Transfers.** For all other Transfers other than a Transfer of the Agreement or a controlling interest in you, we may require you to comply with all or a selection of conditions in Section 13.3(a), which we will identify on a case-by-case basis, provided that Section 13.3(e) will not apply, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the Transfer.

13.4 Transfer To A Wholly Owned Entity. Notwithstanding Section 13.3 (Conditions for Approval of Transfer), if you are in full compliance with this Agreement, you may Transfer this Agreement to an Entity which conducts no business other than the Business and, if applicable, other Businesses, in which you maintain management control and of which you own and control 100% of the equity and voting power of all issued and outstanding capital stock or membership interests, and further provided that all assets of the Business are owned, and the entire business of the Business is conducted, by a single Entity. Transfers of shares in such Entity will be subject to the provisions of Section 13.3. Notwithstanding anything to the contrary herein, you agree to remain personally liable under this Agreement as if the Transfer to such Entity had not occurred.

13.5 Transfer Upon Your Death Or Disability. Upon your death or permanent disability or, if you are an Entity, the death or permanent disability of the Owner of a controlling interest in you, your or such Owner's executor, administrator, conservator, guardian, or other personal representative must Transfer your interest in this Agreement or such Owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including Transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six months from the date of death or permanent disability and will be subject to all the terms and conditions applicable to Transfers contained in this Section. A failure to Transfer your interest in this Agreement or the ownership interest in you within this period constitutes a breach of this Agreement. For purposes hereof, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or does prevent you or an Owner of a controlling interest in you from managing and operating the Business for a period of three months from the onset of such disability, impairment, or condition.

13.6 Operation Upon Your Death Or Disability. If, upon your death or permanent disability or the death or permanent disability of the Owner of a controlling interest in you, the Business is not being managed by a trained manager, your or such Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or permanent disability, appoint a manager to operate the Business. Such manager will be required to successfully complete training at your expense within 60 days of being appointed to operate the Business. Pending the appointment of a manager as provided above or if, in our judgment, the Business is not being managed properly any time after your death or permanent disability or after the death or permanent disability of the Owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the Business. All funds from the operation of the Business during the management by our appointed manager will be kept in a separate account, and all expenses of the Business, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty Fees and Ad Fees payable under this Agreement) during the period that our appointed manager manages the Business. Operation of the Business during any such period will be on your behalf, provided that we only have a duty to utilize reasonable efforts in doing so and will not be liable to

you or your Owners for any debts, losses or obligations incurred by the Business or to any of your creditors for any products, materials, supplies or services the Business purchases during any period it is managed by our appointed manager.

13.7 Bona Fide Offers. If you (or any of your Owners) at any time determine to sell, assign or Transfer for consideration an interest in this Agreement and the Business or an ownership interest in you, you (or such Owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) and a complete franchise application from a fully disclosed offeror including lists of the owners of record and beneficially of any corporate or limited liability company offeror and all general and limited partners of any partnership and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Business and may not include an offer to purchase any of your (or your Owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or in this Agreement and the Business must reflect the bona fide price offered therefor and not reflect any value for any other property or rights. Any Transfer in violation of our right of first refusal is null and void.

13.8 Our Right Of First Refusal. We have the right, exercisable by written notice delivered to you or your selling Owners within 30 days from the date of the delivery to us of both an exact copy of such bona fide offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such bona fide offer, provided that:

- (a) we may substitute cash for any form of payment proposed in such offer;
- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and
- (d) we are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including representations and warranties as to: (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets; (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

13.9 Non-Exercise. If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such bona fide offer, subject to our approval of the Transfer as provided in Sections 13.2 (By You), 13.3 (Conditions for Approval of Transfer), and 13.4 (Transfer to a Wholly Owned Entity). If the sale to such purchaser is not completed within 120 days after delivery of such bona fide offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), the

sale will be treated as a new sale subject to our right of first refusal as provided in Section 13.8 (Our Right of First Refusal).

13.10 Securities Offerings. Neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates. Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if: (1) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (2) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended. Any proposed private placement of your or of your Affiliate's securities must be approved by us.

14. SUCCESSOR FRANCHISES AND EXPIRATION.

14.1 Acquisition Of A Successor Franchise. Upon the expiration of the Initial Term, if (a) you (and each of your Owners) are in full compliance with this Agreement during the Initial Term, (b) you give us written notice of your desire to acquire a successor franchise not less than six months nor more than 12 months prior to the expiration of this Agreement (the "**Successor Request**"), and (c) (i) you maintain possession of and agree to remodel and/or expand the Business, add or replace improvements, equipment and signs and otherwise modify the Business as we require to bring it into compliance with specifications and standards then applicable for Businesses or (ii) if you are unable to maintain possession of the Location, or if in our judgment the Business should be relocated, you secure substitute premises we approve, develop such premises in compliance with Section 4.11 (Relocation) and continue to operate the Business at the Location until operations are transferred to the substitute premises, then, subject to the terms and conditions set forth in this Section 14, you will have the right to acquire a successor franchise to continue to operate the Business.

14.2 Grant Of A Successor Franchise. We will give you notice ("**Our Notice**"), not later than 60 days after our receipt of your Successor Request, of our decision, pursuant to Section 14.1 (Acquisition of a Successor Franchise):

- (a) to grant you one ten-year successor franchise;
- (b) to grant you one ten-year successor franchise on the condition that deficiencies of the Business, or in your operation of the Business, are corrected within a reasonable cure period that we specify; or
- (c) not to grant you a successor franchise based on our determination (which will be described in the notice) that you and your Owners have not substantially complied with this Agreement during the Initial Term.

Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of the expiration of the Initial Term, in

addition to your compliance with any obligations described in Our Notice. If you fail to cure any deficiencies specified in Our Notice in the specified cure period, you will not have the right to a successor franchise, unless we, in our sole discretion, decide to extend the Initial Term to allow you additional time to cure the deficiencies. If we fail to provide Our Notice to you within 60 days after our receipt of your Successor Request, it is your responsibility to provide us with written notice of our failure to respond, which we must cure within 15 days after our receipt of such notice.

14.3 Agreements/Releases. If we grant you a successor franchise, you and your Owners must execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of successor franchises for Businesses (which may include materially different terms and fees than this Agreement), provided, however, that the successor initial franchise fee will be equal to 25% of the initial franchise fee we are then currently customarily charging for new franchises. You and your Owners further agree to execute general releases, in a form satisfactory to us, of all claims against us, our Affiliates, and our and their shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your Owners to sign such agreements and releases and deliver them to us for acceptance and execution within 30 days after their delivery to you will be deemed an election not to acquire a successor franchise. Additionally, we may require you to, at your expense, upgrade the Business to then System standards.

15. TERMINATION OF AGREEMENT.

15.1 Termination By You. If you and your Owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within 60 days after written notice of such material failure is delivered to us, you may terminate this Agreement, effective 30 days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed null and void.

15.2 Termination By Us. In addition to our right to terminate pursuant to other provisions of this Agreement and under Applicable Law, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if:

(a) you become insolvent, file for bankruptcy, or make an assignment for the benefit of your creditors, execution is levied against your business assets, or a suit to foreclose any lien or mortgage is instituted against you and not dismissed within 30 days;

(b) you (i) fail to lease, sublease or purchase the Location in accordance with the timeframe set forth in Section 4.2 (Purchase or Lease of the Location), (ii) fail to meet any construction deadline set forth in Section 4, or (iii) fail to open your Business in the time period set forth in Section 4.8 (**Commencement Deadline**);

(c) you abandon or fail to actively operate your Business for three consecutive business days, except where such failure to actively operate results solely from causes beyond your reasonable control;

(d) you or any of your Owners surrender or transfer control of the operation of your Business or make any unauthorized Transfer without our written consent;

(e) you or any of your Owners have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(f) you suffer cancellation or termination of the lease or sublease for your Business;

(g) you, any Owner, or any of your officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on our franchise system, the Marks and any associated goodwill, or the SKY ZONE concept (an "Adverse Effect") or you, any Owner, or any of your officers or directors has engaged in or engages in activities that, in our reasonable opinion, have an Adverse Effect;

(h) you or any of your Owners make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement;

(i) you fail or refuse to comply with any mandatory specification, standard, or operating procedure prescribed by us relating to the cleanliness or sanitation of your Business or violate any health, safety or sanitation law, ordinance or regulation, that we reasonably believe may pose harm to the public or to your or our reputation, and do not correct such failure, refusal or violation within 24 hours after written notice thereof is delivered to you;

(j) you fail, refuse, or neglect to pay any monies owing to us or our affiliates or fail to make sufficient funds available to us as provided in Section 5.5 (**Designated Account**) within ten days after receiving written notice of your default or 30 days after due date of the payment, whichever is the shorter period, or (ii) you have previously been given at least two notices of nonpayment for any reason within the last 24 months and you subsequently fail to timely pay when due any monies; or (iii) you fail to do all things necessary to give us access to the information contained in your Technology System within 10 days after receiving notice;

(k) you fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct such failure within 30 days after we deliver to you notice of such failure to comply;

(l) you underreport Gross Sales by more than 2% two times or more in any two-year period or by 5% or more for any Accounting Period;

(m) you fail to comply with any other provision of this Agreement or any other agreement between you (or any of your Owners or Affiliates) and us or our Affiliates, and do not correct such failure within 30 days after notice of such failure to comply is delivered to you;

(n) you fail on three or more separate occasions within any period of 12 consecutive months to submit when due reports or other data, information or supporting records or to pay when due Royalty Fees, Ad Fees, or other payments due us, any of our Affiliates or any unaffiliated suppliers or otherwise fail to comply with this Agreement, whether or not such failure is corrected after notice is delivered to you;

(o) you fail to pay when due any federal or state income, service, sales, employment related or other taxes due on the operations of the Business, unless you are, in good faith, legally contesting your liability for such taxes;

(p) you fail to appoint a manager within 15 days after your death or permanent disability or the death or permanent disability of the Owner of a controlling interest in you or such manager fails to complete our training within 60 days after being appointed;

(q) you or any of your Owners or employees violate Section 6.8 (General Conduct);~~y~~

(r) you or any Owner violates the noncompete covenants in Section 17 (Covenants Not to Compete); or

(s) you are in default three or more times within any 18-month period, whether or not the defaults are similar and whether or not they are cured.

We have no obligation whatsoever to refund any portion of the Initial Franchise Fee or any other monies upon any termination of this Agreement.

15.3 Our Right To Operate The Business And Management Fee. If we issue you a notice of default and you fail to cure such default within any applicable period, we have the right, in our sole discretion, to assume the operation of the Business for such length of time as we determine in our business judgment. You authorize us to operate the 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 Business during such period of operation by us shall be accounted for separately and the expenses of the business, including travel, food, lodging, and salaries of our representatives who operate the Business, shall be charged to such account. We shall be entitled to retain 50% of the Gross Sales of your Business as our management fee after operating expenses are paid. You shall indemnify us and our representatives from all claims arising from the acts and omissions of us and our representatives pursuant to this Section 15.3.

15.4 Alternatives To Termination. In addition to our rights under Section 15.3 (Our Right to Operate the Business and Management Fee), if we issue you a notice of default and you fail to cure such default within any applicable time period, we have the right, in our sole discretion, upon delivery of notice to you, and without waiving our right to terminate this Agreement as a result of such failure, to take any or all of the following actions without terminating this Agreement:

(a) provide you with written notice that we have temporarily elected not to terminate this Agreement and allow you additional time to cure any default(s), if you pay to us the non-compliance fee set forth in Section 5.9 (Non-Compliance Fee) until such time you cure the default. Our collection of the non-compliance fee and temporary extension of the applicable cure period does not waive our right to require your full compliance with this Agreement;

(b) temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to you hereunder, including (i) restricting your or any

of your staff's attendance at any training, meetings, workshops, or conventions; (ii) refusing to sell or furnish to you any advertising or promotional materials; (iii) refusing to provide you with ongoing advice about the operation of the Business; (iv) refusing any of your requests to approve a new supplier or the use of any advertising or promotional materials; and (v) refusing to permit you to enter into a new franchise agreement for a Business at any other location;

(c) temporarily or permanently reduce the size of the Protected Territory, in which event the restrictions on us and our affiliates under Section 3.1(b) (**Protected Territory**) will not apply in the geographic area that was removed from the Protected Territory;

(d) temporarily remove information concerning the Business from our website and/or stop your or the Business's participation in any other programs or benefits offered on or through our website;

(e) suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(f) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements; and/or

(g) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty.

15.5 Exercise of Other Remedies. Our exercise of our rights under Section 15.3 (Our Right to Operate the Business and Management Fee) and 15.4 (Alternatives to Termination) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement or any other agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You shall hold us harmless with respect to any action we take pursuant to Section 15.3 and 15.4; and you agree that we shall not be liable for any loss, expense, or damage you incur because of any action we take pursuant to Section 15.3 and 15.4. You must continue to pay all fees and otherwise comply with all your obligations under this Agreement following our exercise of any of these rights. If we exercise any of our rights under Section 15.3 or 15.4 we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction. We may, in our business judgment, reinstate any services or benefits removed, curtailed, or limited pursuant to this Section 15.4, and you agree to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited.

16. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

16.1 Payment Of Amounts Owed To Us - Liquidated Damages. You agree to pay us within 15 days after the effective date of termination, for any reason, or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalty Fees, Ad Fees, amounts owed for purchases from us, interest due on any of the foregoing and all other

amounts owed to us which are then unpaid. If we terminate this Agreement for cause, you also must immediately pay us (as liquidated damages for premature termination and not as a penalty or as damages for any breach of the Agreement or as a substitute for other payments due us) an amount equal to the greater of (x) \$100,000 or (y) equal to the average monthly Fees paid by you during the 24 months of your Business' actual operations (or such shorter period as your Business has been open if less than 24 months) preceding the date of termination multiplied by the remaining months in the term of this Agreement after termination.

16.2 Discontinue Use of the System and the Marks. Upon the termination, for any reason, or expiration of this Agreement:

(a) you must immediately cease using, by advertising or in any other manner, (i) the Marks, (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Marks or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or that indicates or suggests a connection or association with us;

(b) you may not directly or indirectly at any time or in any manner (except with respect to other Businesses you own and operate) identify yourself or any business as a current or former Business, or as one of our licensees or franchisees;

(c) you agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Marks and to change your corporate or legal business name, if necessary, so that it does not contain any of the Marks;

(d) if we do not exercise our option to purchase the Business pursuant to Section 16.4 (Our Right to Purchase Business), you agree to comply with our then-current de-branding checklist, which requires you to (i) deliver to us within 30 days after the Notification Date the Operations Manual, all signs, sign-faces, sign-cabinets, marketing materials, uniforms, forms, stationary, packaging, promotional materials, and other materials containing any Marks or otherwise identifying or relating to a Business and allow us, without liability to you or third parties, to remove all such items from the Business;

(e) if we do not exercise our option to purchase the Business pursuant to Section 16.4 (Our Right to Purchase Business), you agree that, after the Notification Date, you will promptly and at your own expense make such alterations as we may specify to distinguish the Business clearly from its former appearance and from other Businesses so as to prevent confusion therewith by the public;

(f) if we do not exercise our option to purchase the Business pursuant to Section 16.4 (Our Right to Purchase Business), you agree that, after the Notification Date to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Business or the Marks (collectively, "Identifiers"). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 16.2(f), you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar,

Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer; and

(g) you agree to furnish us, within 30 days after the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

16.3 Return of Confidential Information. You agree that, upon termination of this Agreement (including the full or partial transfer of rights by you or any Owner), for any reason, or expiration of this Agreement, you will immediately and forever cease to use any of our Confidential Information in any business or otherwise and return to us (or at our direction, destroy or delete) all copies of the Operations Manual and any other confidential materials, including computer software and any mechanisms (electronic key) used to access the software, that we have allowed you to use.

16.4 Our Right To Purchase Business.

(a) **Exercise of Option.** Upon termination or expiration of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice thereof to you within 60 days from the date of such termination or **expiration**, to purchase the Business from you, including the leasehold rights to the Location, free and clear of all liens, restrictions, or encumbrances. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**.”) We have the unrestricted right to assign this option to purchase the Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. **Leasehold Rights.** You agree, at our election, to assign your leasehold interest in the Location to us or, to enter a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

(c) **Purchase Price.** The purchase price for the Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the Business’s equipment, signs, inventory, materials, and supplies, provided that the Business will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement, the Marks, or participation in the network of Businesses. The Business’s fair market value will include the reasonable goodwill you developed since your commencement of operations that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Location will also be considered in determining the Business’s fair market value.

(d) **Exclusions.** We may exclude from the assets purchased hereunder cash or its equivalent and any Operating Assets, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Business’s operation or that we have not approved as meeting standards for Businesses, and the purchase price will reflect such exclusions.

(e) **Appraisal.** If we and you are unable to agree on the Business's fair market value, its fair market value will be determined by one independent qualified appraiser that we appoint in our business judgment. We will appoint the appraiser within 15 days after the date we determine we are unable to agree on the Business's fair market value. You and we will share equally the fees and expenses of the appraiser. You and we further agree to take reasonable actions to cause the appraiser to complete the appraisal within 30 days after the appraiser's appointment.

(f) **Closing.** The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, all amounts you or your Owners owe to us.

(g) **Instruments.** At the closing, you agree to deliver instruments transferring: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us, if any), with all sales and other transfer taxes paid by you; and all licenses and permits of the Business which may be assigned or transferred; and (ii) the leasehold interest in the Location and improvements thereon.

(h) **Escrow.** If you cannot deliver clear title to all the purchased assets, or if there are other unresolved issues, the closing of the sale will, at our election, be accomplished through an escrow arrangement with an independent escrow agent selected by us.

(i) **Releases.** You and your owners agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

(j) **Operation of Franchise because of your Inability.** To prevent any interruption of the Business which would cause harm to the Business, if you are unable to operate the Business for any reason whatsoever, you authorize us and our agents and Affiliates to operate the Business for so long as we deem necessary and practical. All income from the operation of the Business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of us and our agents, will be charged to said account. Nothing contained herein will be construed to require us to operate the Business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

16.5 Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including Sections 7 (Marks), 8 (Confidential Information), 17 (Covenants Not to Compete), 18.4 (Indemnification), 19.11 (Dispute Resolution), and 16 (Rights and Obligations Upon Termination or Expiration of this Agreement).

17. COVENANTS NOT TO COMPETE.

17.1 In-Term Covenant Not To Compete. You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training, Confidential Information, and other proprietary and specialized information and knowledge that provide a

valuable, competitive advantage in operating a trampoline park. You further acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage the free exchange of ideas and information among our franchisees if you were permitted to hold interests in or perform services for a Competitive Business, and we have granted you the rights hereunder in consideration of, and in reliance upon, your agreement to deal exclusively with us. You therefore covenant that during the term of this Agreement (except as otherwise approved in writing by us), you, your Owners, and you and their Immediate Families shall not, either directly, indirectly or through, on behalf of, or in conjunction with any person or legal Entity:

(a) Divert or attempt to divert any present or prospective business or customer of any Business to any Competitive Business, 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; or

(b) Own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business.

17.2 Post-Term Covenant Not To Compete. You covenant that, except as otherwise approved in writing by us, you and your Owners shall not, for a continuous, uninterrupted period of two years commencing upon the date of: (a) a Transfer permitted under Section 13 (Transfer), with respect only to Transfers that result in you no longer owning and operating the Business (or, in the case of an Owner, results in that Owner no longer having any direct or indirect ownership in you); (b) expiration of this Agreement; (c) termination or non-renewal of this Agreement (regardless of the cause for termination or non-renewal); or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.2, either directly or indirectly, for yourself or your Immediate Family, or through, on behalf of, or in conjunction with any person or legal Entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as an owner or otherwise) any Competitive Business that is, or is intended to be, located (a) at the Location, (b) within 15 miles of the Location, or (c) 15 miles of any Business in operation or under construction as of the date that you are required to comply with this Section 17.2. You agree and acknowledge that the two-year period of this restriction shall be tolled during any time period in which you are in violation of this restriction.

The restrictions in Sections 17.1(c) and 17.2 do not apply to: (a) interests in or operation of a Business under a written Franchise Agreement with us; or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than 5% of that class of securities.

17.3 Reasonable Scope of Covenants. You acknowledge that the scope of the restrictions in Sections 17.1 (In-Term Covenant Not to Compete) and 17.2 (Post-Term Covenant Not to Compete) are reasonable and necessary to protect us, the Confidential Information, and the System, and that such restrictions are designed solely to prevent you from taking information, materials, training, and know-how that we provided to you and using them to compete with us. In

addition, your operation of a Competitive Business in violation of Section 17.1 and 17.2 would necessarily involve your use of Confidential Information that would result in an unfair competitive advantage vis-à-vis other SKY ZONE franchisees. You further acknowledge that you and your Owners possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcement of the covenant in Section 17.1 and 17.2 will not deprive you or your Owners of personal goodwill or the ability to engage in a lawful trade or business and earn a living.

17.4 Reduction Of Scope of Covenants. You understand and acknowledge that we shall have the right, in our business judgment, to reduce the scope of any covenant set forth in Sections 17.1 (In-Term Covenant Not to Compete) and 17.2 (Post-Term Covenant Not to Compete), 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. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

17.5 Covenant Not To Compete Upon Exercise Of Right Of First Refusal. If we exercise our right of first refusal pursuant to Section 13.8 (Our Right of First Refusal), you and your selling Owner(s) agree that, for a period of two years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in Section 17.2 (Post-Term Covenant Not to Compete).

18. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.

18.1 Independent Contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. You acknowledge and agree that we and you are and shall be independent contractors. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. We have no relationship with your employees, and you have no relationship with our employees. You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or using the Marks, and you may not represent that the relationship of the parties hereto is anything other than that of independent contractors. We shall not be construed to have any liability, including joint liability, for any of your acts or omissions under any circumstances. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your Business.

18.2 Notice of Independent Contractor. You agree to hold yourself out to the public as an independent contractor operating your Business under license from us, and you must display in a conspicuous location in or upon the Business, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark SKY ZONE, which is a trademark licensed by Sky Zone Franchise Group, LLC." You must include this

notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

18.3 Taxes. We will have no liability for any sales, use, service, occupation, employment related, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your sole responsibility. Further, you will pay all state and local taxes, including sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, Royalty Fees, Ad Fees, extension fees, and all other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly, unless the tax is credited against income tax otherwise payable by us. In such event, you will pay to us (or to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

18.4 Indemnification. You, and each of the Guarantors, agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, and Affiliates, and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of us and each of them (collectively, the “**Indemnified Parties**”) from all Losses (defined below) directly or indirectly incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof arising out of or relating to: (i) the infringement, alleged infringement or any other violation by you, your Guarantors or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System; (ii) the violation, breach, or asserted violation or breach by you, your Guarantors or principals of any Applicable Law, ruling, or industry standard; (iii) libel, slander, or any other form of defamation by you or your Guarantors or principals; (iv) the violation or breach by you or by your Guarantors or principals of any warranty, representation, agreement, or obligation of this Agreement or in any other agreement between you and us or our Affiliates; (v) acts, errors, omissions of you, any of your affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, and employees of you and your affiliates in connection with the establishment and operation of the Business, including any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle or in the establishment or implementation of security for the Business; (vi) any of the foregoing that are alleged to be caused by an Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party’s gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction; and (vii) any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. For purposes of this indemnification, “**Losses**” means and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants’, arbitrators’, mediators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of

litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. We have the right to defend any such claim against us at your expense. This indemnity will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

18.5 Mitigation Not Required. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

19. ENFORCEMENT AND MISCELLANEOUS MATTERS.

19.1 Severability And Substitution of Valid Provisions. Each provision of this Agreement is severable from the others. If any provision (or portion of a provision) of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

19.2 Greater Notice. If any Applicable Law requires a greater prior notice than is required hereunder of the termination of this Agreement or of our refusal to enter into a successor franchise agreement, or the taking of some other action not required hereunder, or if, under any Applicable Law, any provision of this Agreement or any part of Methods of Operation is invalid or unenforceable the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and we will have the right to modify such invalid or unenforceable provision or unenforceable part of this Agreement or the Operations Manual or any part of Methods of Operation to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any part of Methods of Operation, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

19.3 Waiver Of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked at any time and for any reason, effective upon delivery to you of 10 days' prior written notice.

19.4 Non-Waiver. We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of (i) any custom or practice at variance with the terms hereof; (ii) our or your failure refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder including Methods of Operation; (iii) our waiver, forbearance, delay, failure, or omission to exercise any right, power or option whether of the same, similar or different nature with respect to other Businesses; (iv) the existence of other franchise agreements for Businesses which contain different provisions from those contained herein; or (v) our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

19.5 Force Majeure. Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from: (i) transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) acts of nature; (iii) fires, strikes, embargoes, war or riot; (iv) failure to obtain land use or environmental approvals from the applicable government body or agency, so long as you diligently pursue any such required approvals; or (v) any other similar event or cause. Any delay resulting from any of said force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees and Ad Fees due on any sales thereafter.

19.6 Out-Of-Stock and Discontinued. We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we cannot deliver, or cause to be delivered, or if our Affiliates or designated sources or approved suppliers cannot deliver, all your orders for products, merchandise, Operating Assets, supplies, etc., where such things are out-of-stock or discontinued.

19.7 Costs And Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us or to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including reasonable accounting, attorneys', arbitrators', and related fees.

19.8 You May Not Withhold Payments Due To Us. You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to mediation or arbitration as provided in Section 19.11 (Dispute Resolution).

19.9 Rights Of Parties Are Cumulative. Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

19.10 Good Faith and Fair Dealing. If Applicable Law shall imply a covenant of good faith and fair dealing in this Agreement, we and you agree that (i) such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement; (ii) this Agreement (and the relationship of the parties which arises from this Agreement) grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; (iii) we will use our judgment in exercising such rights based on our assessment of our own interests and balancing those interests against the interests of the owners of Businesses generally (including ourselves, and our Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iv) we will have no liability to you for the exercise of our rights in this manner so long as such rights are not exercised in bad faith toward you; and (v) in the absence of such bad faith, no trier of fact in any legal action or arbitration proceeding shall substitute its judgment for our judgment so exercised.

19.11 Dispute Resolution.

(a) **Mediation.** Except as provided in Section 19.11(c) (Exceptions to Arbitration), prior to filing any demand for arbitration, the parties agree to mediate any Dispute in accordance with the following procedures:

(i) The party seeking mediation must commence mediation by sending the other party, in accordance with Section 19.26 (Notices), a written notice of its request for mediation headed “**Notification of Dispute.**” The Notification of Dispute will specify, to the fullest extent possible, the party’s version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within 20 days after receipt thereof, stating its version of the facts and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Section 15 (Termination of Agreement), the other party will respond within 10 business days.

(ii) Upon receipt of a Notification of Dispute and response under Section 19.11(a)(i), the parties will endeavor, in good faith, to resolve the dispute outlined in the Notification of Dispute and response. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within 20 days after receipt of the response, either party may initiate a mediation procedure with the American Arbitration Association (“AAA”), pursuant to its Commercial Mediation Procedures, in the city of our then-current corporate headquarters, unless both parties agree to a different location. The parties must select a mediator jointly.

(iii) All mediation sessions must be attended by an Owner (who has authority to settle the dispute on your behalf) and our representative(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute, if at all possible, within 30 days of the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within 30 days, any party may initiate an arbitration pursuant to Section 19.11(b) (Arbitration). In addition, if the party receiving notice of mediation has not responded within 5 days of delivery of the notice or a party fails to participate in the mediation, this Section 19.11(a) will no longer be applicable, and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential. At least five days prior to the initial mediation session, each party must deliver a written statement of positions.

(b) **Arbitration.** Except as provided in Section 19.11(c) (Exceptions to Arbitration), any Dispute, including any dispute regarding the scope or validity of the arbitration obligation under this Section, not resolved by mediation must be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect to be heard by one arbitrator.

(i) **Counterclaims.** In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

(ii) **Waiver of Class Actions.** Any arbitration must be on an individual basis only as to a single franchise (and not as or through an association) and the parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or class-wide claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 19.13 (Consent to Jurisdiction).

(iii) **Venue.** The arbitration must take place in the city where our headquarters is located at the time of the dispute.

(iv) **Arbitrator.** The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator will have subpoena powers limited only by the laws of the state in which our corporate headquarters is then located. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right

to decide as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which our corporate headquarters is then located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including: any decision as to whether Section 19.11(b) (Arbitration) is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

(v) **Orders.** The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

(vi) **Procedure.** The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state in which our corporate headquarters is then located. All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which our corporate headquarters is then located.

(vii) **Confidential.** Other than as may be required by law, the entire arbitration proceedings (including any rulings, decisions, or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

(viii) **Advances.** We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 19.7 (Cost and Attorneys' Fees) or 19.11(d) (Prevailing Party's Fees).

(c) **Exceptions to Arbitration.** Notwithstanding Sections 19.11(a) (Mediation) and 19.11(b) (Arbitration), the parties agree that the following Disputes will not be subject to arbitration or mediation:

(i) any action for equitable relief, including seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including prior to or during the pendency of any arbitration proceedings initiated hereunder;

(ii) any action in ejectment or for possession of any interest in real or personal property;

(iii) any action which by Applicable Law cannot be arbitrated; or

(iv) our decision in the first instance to issue a notice of default and/or notice of termination or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

(d) **Prevailing Party's Fees.** The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

(e) **Survival.** The provisions of this Section 19.11 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

(f) **Tolling of Statute of Limitations.** All applicable statutes of limitation and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 19.11 are pending. The parties will take such action, if any, required to effectuate such tolling.

(g) **Performance to Continue.** Each party must continue to perform its obligations under this Agreement pending final resolution of any Dispute pursuant to this Section 19.11, unless to do so would be impossible or impracticable under the circumstances.

19.12 Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Missouri, [although any Missouri franchise law only applies in the event you are a Missouri resident or the Location is located in Missouri](#). In the event of any conflict-of-law question, the laws of Missouri shall prevail, without regard to the application of Missouri conflict-of-law rules.

19.13 Consent To Jurisdiction. Subject to Section 19.11 (Dispute Resolution), you and the Owners must file any suit against us, and we may file any suit against you, in federal or state courts located in the state where our principal place of business is then located. You (and each Owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.

19.14 Waiver Of Punitive Damages, Jury Trial, And Class Actions. Except with respect to your obligation to indemnify us pursuant to Section 18.4 (Indemnification) and 18.5 (Mitigation Not Required) and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive, to the fullest extent permitted by law, trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us. Any claims must be brought on an individual basis only as to a single franchise (and not as or through an association or class). This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 19.11(b) (Arbitration) is unenforceable. Each party acknowledges

that it has had a full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

19.15 Limitation Of Claims. Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a Notification of Dispute is sent or a judicial proceeding is commenced within one year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

19.16 Binding Effect. This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

19.17 Withhold Approval. Except where this Agreement expressly obligates us to reasonably approve or to not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

19.18 Construction. The headings of the several Sections hereof are for convenience only and do not define, limit, or construe the contents of such Sections. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The words “**include**,” “**including**,” and words of similar import shall be interpreted to mean “including, but not limited to” and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

19.19 Joint And Several Owners’ Liability. If two or more persons or Entities are at any time Owners, whether as partners or joint venturers, their obligations, and liabilities to us will be joint and several.

19.20 Right To Information. You consent to us obtaining, using, and disclosing to third parties (including financial institutions, legal and financial advisors, and prospective franchisees), for any purpose we specify or as may be required by law, all financial and other information (including Customer Information) contained in or resulting from information, data, materials, statements and reports related, directly or indirectly, to the Business.

19.21 Multiple Copies. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which when taken together shall constitute one and the same document. This Agreement shall not be binding on either party until it is executed by both parties.

19.22 Entire Agreement Between the Parties. This Agreement, including any addenda and appendices and our Operations Manual, and the documents referred to therein constitute the sole agreement between you and us with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to your Business authorized hereunder. We expressly disclaim any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed

in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the FDD.

19.23 Amendments. No change, modification, amendment, or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties. The Operations Manual and any Methods of Operation that we adopt, and implement may be changed by us unilaterally from time to time.

19.24 No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

19.25 Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by electronic mail to the email address on file for you with us (with a copy sent by U.S. Mail or overnight delivery services). Notices to you will be sent to the address set forth on **Appendix A**. Notices to us must be sent to:

Sky Zone Franchise Group, LLC
[86 N. University Avenue, Suite 350](#)
[Provo, Utah 84601](#)
~~5875 Arnold Road~~
~~Dublin, California 94568~~
Attn: Franchise Operations (franchiseops@skyzone.com)
with copy to Sky Zone Legal (~~legal@circustrix.com~~legal@skyzone.com)

Either party may change its mailing address or electronic mail address by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or when sent by electronic mail.

20. ACKNOWLEDGEMENTS AND REPRESENTATIONS.

20.1 Acknowledgements. You acknowledge that you have read this Agreement and our FDD and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Business and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Business may evolve and change over time, that an investment in a Business involves business risks and that your business abilities and efforts are vital to the success of the venture. You acknowledge that, in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and

us. You further acknowledge that we have advised you to seek franchise counsel to review and evaluate this Agreement.

20.2 Representation. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchise. We have approved of your purchasing a Franchise in reliance upon all of your representations.

20.3 Due Authority. You represent that this Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

20.4 Terrorist Acts. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the “**Order**”), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

20.5 Timely Receipt and Review of Agreement and Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have also received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents. You have no knowledge of any representations made about the SKY ZONE franchise opportunity by us, our Affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement.

20.6 Financial Performance Representations. Except as may be stated in the FDD, you and your Owners acknowledge that neither we, nor any of our Affiliates, nor any of our or our Affiliates’ officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Business or the anticipated revenues, earnings, or profitability of the Business subject to the Franchise or any other business operated by us, our licensees, our franchisees, or our Affiliates. In entering into this Agreement, you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD. Any information you have

acquired from other SKY ZONE franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy. **YOU AND EACH OF YOUR OWNERS WARRANT AND REPRESENT THAT HE/SHE HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE PROFIT OR THE SUCCESS OF THIS FRANCHISE IN DECIDING TO SIGN THIS AGREEMENT.**

20.7 No Waiver Or Disclaimer Of Reliance In Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR

SKY ZONE FRANCHISE GROUP, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date:

APPENDIX A

FRANCHISEE-SPECIFIC TERMS

1. **Effective Date.** The Effective Date is: _____
2. **Franchisee's Name:** _____
3. **Franchisee's Address and Electronic Mail Address For Notices:**

4. **Form of Entity of Franchisee.**

1. **Corporation Or Limited Liability Company.** Franchisee was organized on _____ under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its corporate or company name.

Name of Each Director/Officer/Managing Member	Position(s) Held

2. **Partnership.** Franchisee is a general or limited partnership formed on _____, under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its partnership name.

Name of Each General Partner

5. **Responsible Person.** The name and home address of the Responsible Person is as follows:

6. Owners.

1. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of any interest whatsoever in Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest

2. **Control Group.** You represent and warrant that the following Owner or group of Owners has, directly or indirectly, 51% or more ownership interest in you and voting control over its ownership interests in you and constitutes your Control Group as described in Section 2.4 (Control Group) of the Franchise Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest

[Appendix A Signature Page Follows]

This **Appendix A** is deemed accepted and made a part of the Franchise Agreement as of the Franchise Agreement's Effective Date.

FRANCHISOR

SKY ZONE FRANCHISE GROUP, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

By: _____

{ Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

Date:_____

[Signature]

[Print Name]

Date:_____

[Signature]

[Print Name]

Date:_____

[Signature]

[Print Name]

Date:_____

OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS

This guaranty shall be governed by the governing law provisions set forth in Section 19.12 (Governing Law) of the Agreement and all disputes related to it shall be resolved in accordance with the dispute resolution provisions set forth in Sections 19.11 (Dispute Resolution), 19.13

(Consent to Jurisdiction), 19.14 (Waiver of Punitive Damages, Jury Trial, and Class Actions), and 19.15 (Limitation of Claims) of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Agreement.

**PERCENTAGE OF OWNERSHIP
INTEREST IN FRANCHISEE**

GUARANTOR (S)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

APPENDIX C

OWNER PERSONAL COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION

In conjunction with your investment in _____ (“**Franchisee**”) a
_____, you (“**Owner**” or “**you**”), acknowledge and agree as follows:

1. Franchisee owns and operates, or is developing, a Business located or to be located in the Protected Territory pursuant to a franchise agreement (“**Franchise Agreement**”) with Sky Zone Franchise Group, LLC, which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and noncompetition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.
2. You own or intend to own a legal or beneficial ownership interest in Franchisee and acknowledge and agree that your execution of this agreement (“**Agreement**”) is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. We may enforce this Agreement directly against you and Your Owners (as defined below).
3. If you are an Entity, all persons who have a legal or beneficial interest in you (“**Your Owners**”) must also execute this Agreement.
4. You and Your Owners, if any, may gain access to parts of our Confidential Information (as defined in Section 8.1 (Confidential Information) of the Franchise Agreement) as a result of investing in Franchisee. The Confidential Information is proprietary and includes our trade secrets. You and Your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or Your Owners cease to have an interest in Franchisee, you and Your Owners, if any, must deliver to us any such Confidential Information in your or their possession.
5. You specifically acknowledge that you will receive valuable, specialized training, Confidential Information, and other proprietary and specialized information and knowledge that provide a valuable, competitive advantage in operating a trampoline park. You further acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage the free exchange of ideas and information among our franchisees if you were permitted to hold interests in or perform services for a Competitive Business (as defined in Section 1.2 (Definitions) of the Franchise Agreement), and we have granted you the Franchisee certain rights under the Franchise Agreement in consideration of, and in reliance upon, your agreement to deal exclusively with us. You therefore covenant that during the term of the Franchise

Agreement (except as otherwise approved in writing by us), you, Your Owners, and you and their Immediate Families (as defined in Section 1.2 of the Franchise Agreement) shall not, either directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

1. Divert or attempt to divert any present or prospective business or customer of any Business to any Competitive Business, 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;
 2. Recruit, employ or seek to employ any person who is at that time, or has been within the past six months, employed by us or one of our affiliates, or otherwise directly or indirectly induce such person to leave his or her employment; or
 3. Own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business.
6. You covenant that, except as otherwise approved in writing by us, you and Your Owners shall not, for a continuous, uninterrupted period of two years commencing upon the date of (a) a Transfer (as defined in Section 1.2 of the Franchise Agreement) permitted under Section 13 (Transfer) of the Franchise Agreement, (b) expiration of the Franchise Agreement, (c) termination or non-renewal of the Franchise Agreement (regardless of the cause for termination or non-renewal), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Paragraph, either directly or indirectly, for yourself or your Immediate Family, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (a) at the Location of the Business, (b) within 15 miles of the Location, or (c) 15 miles of any Business in operation or under construction as of the date that you are required to comply with this Paragraph 6. You agree and acknowledge that the two-year period of this restriction shall be tolled during any time period in which you are in violation of this restriction.
7. You and each of Your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited and/or length of time but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under Applicable Law and public policy. We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm.

You and each of Your Owners acknowledges that any violation of Sections 4, 5 or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If we file a claim to enforce this Agreement and prevail in such proceeding, you agree to reimburse us for all its costs and expenses, including reasonable attorneys' fees.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Franchise Agreement.

OWNER

If an individual:

If a corporation, partnership, limited liability company or other legal entity:

(Signature)

(Print Name)

(Name of corporation, partnership, limited liability company or other legal entity)

By: _____
Print Name: _____
Title: _____

YOUR OWNERS:

If you are a corporation, partnership, limited liability company or other legal entity.

By: _____
Print Name: _____

By: _____
Print Name: _____

By: _____
Print Name: _____

APPENDIX D

SILENT INVESTORS

Franchisee owns and operates, or is developing, a Business located or to be located at _____ (“**Business**”) pursuant to a franchise agreement (“**Franchise Agreement**”) with Sky Zone Franchise Group, LLC (“**Franchisor**”). Capitalized terms not defined herein have the meanings set forth in the Franchise Agreement. Franchisee and its Owners each acknowledge and agree as follows:

1. Silent Investor. As used in the Franchise Agreement and herein, the term “Silent Investor” means and refers to the following individuals and/or entities:

Silent Investor Name and Address	Percentage Ownership Interest
Silent Investor: _____ Address: _____ As owned/controlled by: _____ Address: _____ As owned/controlled by: _____ Address: _____	_____% _____% _____%
Silent Investor: _____ Address: _____ As owned/controlled by: _____ Address: _____ As owned/controlled by: _____ Address: _____	_____% _____% _____%
Silent Investor: _____ Address: _____ As owned/controlled by: _____ Address: _____ As owned/controlled by: _____ Address: _____	_____% _____% _____%

2. ~~Additional Silent Investors/Franchisor Approval. The addition of Silent Investors, as well as the equity interest of each such Silent Investor, is subject to the Franchisor's prior written approval. Specifically, Franchisee Parties may not add any new Silent Investors unless such person or Entity, and any other person or Entity that directly or indirectly controls such person or Entity, first satisfies, to Franchisor's satisfaction, Franchisor's then current character and financial requirements applicable to all SKY ZONE franchisees at the time, including, without limitation, the completion of a satisfactory background check and credit check conducted by (or on behalf of) Franchisor. Franchisee and Responsible Person ("Franchisee Parties") must notify Franchisor within seven calendar days of the date that any Silent Investor ceases having an ownership interest in Franchisee.~~
3. ~~Silent Investor Prohibitions. Franchisee Parties each agree that no Silent Investor will:~~
- ~~A. Undertake or exercise an active role in the management or operation of the Business;~~
 - ~~B. Have or otherwise acquire access to Confidential Information or other operating information, including information set forth in the Operations Manual (and/or any component thereof); or~~
 - ~~C. Disclose his/her/its ownership interest in the Business to any third party, except for professional advisors that need to know or as required by law.~~
4. ~~Covenants of Franchisee Parties. Franchisee Parties each covenant that they will not give, provide, disseminate, create access to, or otherwise release any or all of the following to any Silent Investor: Confidential Information, operating information other than financial statements, marketing techniques or materials that are similar to those used under or in connection with the Methods of Operations, member rate structures similar to those used under or in connection with the Methods of Operations, any of Franchisor's procedures or systems, and any other information that we designate as proprietary and confidential. Franchisee Parties further acknowledge, understand and agree that if a Silent Investor learns Confidential Information or other operating information at any time during or after the term of the Franchise Agreement, Franchisee Parties will be presumed to have disclosed such Confidential Information or other operating information to the Silent Investor(s).~~
5. ~~Representation and Warranty. Franchisee Parties expressly represent and warrant to Franchisor that the individuals and/or entities identified in Section 1 above constitute all Silent Investors as of the Effective Date, and that no different or additional Silent Investors will acquire or otherwise obtain an interest in Franchisee absent compliance with the conditions described in Section 2 above.~~
6. ~~Liability for Damages. If any or all of the Franchisee Parties violate the confidentiality or non-competition provisions of the Franchise Agreement and/or Section 4 (above), the Franchisee Parties will be jointly and severally liable for any such breach, including, to the fullest extent possible, all damages and costs resulting from Franchisor's enforcement or attempted enforcement against any or all Franchisee Parties of any provision of this Appendix or the Franchise Agreement.~~

7. ~~Cross Default. For the avoidance of doubt, any breach or default under this Appendix D (including, without limitation, Section 4 above) will be deemed an incurable default under the Franchise Agreement. Franchisee Parties acknowledge that a violation of Sections 3 and/or 4 of this Appendix would result in irreparable injury for which no adequate remedy at law may be available. If Franchisor files a claim to enforce the terms of this Appendix and prevails in such proceeding, Franchisee Parties agree to reimburse Franchisor for all its costs and expenses, including reasonable attorneys' fees.~~

~~IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the Effective Date noted below.~~

_____		SKY ZONE FRANCHISE GROUP, LLC	
(Name of corporation, partnership, or limited liability company)		A Missouri Limited Liability Company	
By: _____		By: _____	
		Print Name: _____	
Title: _____		Title: _____	
Date: _____		Date: _____	
EFFECTIVE DATE:— _____			
Owners:			
_____		_____	
(Signature)		(Date)	

(Print Name)			
_____		_____	
(Signature)		(Date)	

(Print Name)			

TO BE NEGOTIATED WITH LANDLORD

APPENDIX ~~ED~~

ADDENDUM TO LEASE

This addendum (“**Addendum**”) is executed as of this _____ day of _____, by and between (“**Franchisee**”) and (“**Landlord**”) as an addendum to the lease (as amended, renewed, and/or extended from time to time, “the **Lease**”) for the premises located at _____, state of _____, (the “**Premises**”), dated as of _____.

WHEREAS, Franchisee has entered into a franchise agreement (“**Franchise Agreement**”) with Sky Zone Franchise Group, LLC (“**Franchisor**”) for the operation of a Sky Zone Park (“**Business**”) at the Premises, and as a requirement thereof, the Lease for the Premises must be subject and subordinate to the provisions contained in this Addendum; and WHEREAS, Landlord and Franchisee agree that in the event of any conflict, the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

2. Franchisee hereby assigns to Franchisor, with Landlord’s irrevocable and unconditional consent, all of Franchisee’s rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its option to purchase, if any, under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee’s obligations under the Lease.

3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee’s rights, title and interests thereunder.

4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor’s prior written consent.

5. Franchisee shall have the right to assign the Lease or sublet the Premises to Franchisor without Landlord’s approval, and any assignment or subletting provisions set forth in the Lease shall not apply to any such assignment or subletting.

6. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or 3 above.

7. If Franchisor assumes the Lease as provided above, Franchisor may, without Landlord’s consent, further assign the Lease to a franchisee of Franchisor to operate the Premises, provided that the proposed franchisee has met all of Franchisor’s applicable program criteria and

requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Exhibit as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

8. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises. Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), decor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall, at its expense, repair any damage to the Premises as a result thereof.

9. Landlord agrees to allow Franchisee to remodel, equip, paint and decorate the interior and exterior of the Premises pursuant to the terms of the Franchise Agreement and any successor Franchise Agreement under which Franchisee may operate the Business at the Premises.

10. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "Confidential Information" as used herein shall mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan, equipment, furniture, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, trade dress, "look and feel," layout, design, menus, recipes, formulas, manner of operation, suppliers, suppliers, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all Confidential Information belongs exclusively to Franchisor. Landlord agrees that should it breach or threaten to breach this provision of this Exhibit, Franchisor will suffer irreparable damages and Franchisor's remedy at law will be inadequate. Therefore, if Landlord threatens or breaches this provision, Franchisor shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.

11. Landlord agrees that: (a) Franchisor has solely granted to Franchisee the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "Marks") at the Premises under the terms of the Franchise Agreement; and (b) Franchisor has not granted any rights or privileges to Landlord to use the Marks at the Premises or anywhere else; and (c) Landlord's unauthorized use of the Marks during or after the term of the Lease shall cause irreparable harm to Franchisor and Franchisor's remedy at law will be inadequate. Therefore, if Landlord threatens or actually breaches this provision, Franchisor shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.

12. Copies of all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at the following addresses, or such other addresses as Franchisor shall specify by written notice to Landlord.

Sky Zone Franchise Group, LLC
[86 N. University Avenue, Suite 350](#)
[Provo, Utah 84601](#)
~~5875 Arnold Road~~
~~Dublin, California 94568~~
Attn: Franchise Operations

With copies at all times to:

Sky Zone Legal: legal@skyzone.com

13. Under the Franchise Agreement, any lease for the location of a Business is subject to Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

14. Franchisor, along with its successors and assigns, is an intended third-party beneficiary of the provisions in this Addendum.

15. References to the Lease and the Franchise Agreement include all amendments, addenda, extensions and renewals to such documents.

16. References to the Landlord, Franchisee and Franchisor include the successors and assigns of each of the parties.

[Signature blocks on next page]

WITNESS the execution hereof under seal.

LANDLORD:

Date: _____

FRANCHISEE:

Date: _____

APPENDIX FE

PROTECTED TERRITORY AND PREMISES

The Protected Territory includes the following zip codes: _____ and surrounding areas as outlined in Appendix ~~FE~~E-1. See attached map attached as Appendix ~~FE~~E-1.

The Premises is: _____.

If no Premises is accepted at the time this Agreement is signed, this **Appendix ~~FE~~E** will be updated when a Premises has been designated by you and accepted by us. The Premises must be designated and your lease signed within nine months of the Effective Date of this Agreement and must be within the Protected Territory. Once the Premises is identified, we may revise the Protected Territory.

~~FRANCHISEE: SKY ZONE FRANCHISE GROUP, LLC:~~

FRANCHISEE:

FRANCHISOR:

_____ SKY ZONE FRANCHISE GROUP, LLC:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

APPENDIX FE-1

MAP OF PROTECTED TERRITORY AND PREMISES

APPENDIX GF

ACKNOWLEDGMENT ADDENDUM TO THE SKY ZONE FRANCHISE AGREEMENT

THIS DOCUMENT SHALL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

DO NOT SIGN THE ACKNOWLEDGEMENT IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, MARYLAND.

As you know, you and we are entering into a Franchise Agreement for the operation of a SKY ZONE franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue or inaccurate. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) (“FDD”) at least (a) 14 calendar days prior to signing the Franchise Agreement, or (b) if you are a resident of Iowa, New York or Oklahoma, at the earlier or the first personal meeting or 10 business days before the execution of the franchise or other agreement or payment of any consideration, or if you are a resident of Michigan, Oregon or Wisconsin, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration, or (d) if you are a resident of Washington, 14 calendar days prior to payment or execution of the Franchise Agreement? Check one: ☐ Yes. ☐ No.
2. Have you studied and reviewed carefully our FDD and Franchise Agreement? Check one: ☐ Yes. ☐ No.
3. Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the FDD receipt you signed (or on any updated receipt we provided to you)? Check one: ☐ Yes. ☐ No.
4. Do you understand that that, unless there exists a currently effective Multi-Unit Development Agreement between you and us, the franchise granted is for the right to operate a single SKY ZONE facility at the authorized location only and includes no exclusive area or protected territory, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, near your authorized location? Check one: ☐ Yes. ☐ No.
5. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Section 17 of the Franchise Agreement and that an injunction is an appropriate

remedy to protect the interests of the SKY ZONE system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants in defined broadly in Section 17 of the Franchise Agreement, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one: ☐ Yes. ☐ No.

6. Do you understand that the current economic crisis and financial situation could have a negative impact on the trampoline park industry, the SKY ZONE franchise system and your business? Do you also understand that the economic situation may worsen? Check one: ☐ Yes. ☐ No.

If you answered “No” to questions 1-8, please explain (attached additional sheets if necessary):

7. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the FDD? Check one: ☐ Yes. ☐ No.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____ Signed: _____

Print Name: _____ Print Name: _____

Date: _____ Date: _____

Signed: _____ Signed: _____

Print Name: _____ Print Name: _____

Date: _____ Date: _____

APPROVED ON BEHALF OF SKY ZONE FRANCHISE GROUP, LLC:

Signed: _____

Print Name: _____

Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law, to the extent applicable. In addition, except to the extent we have negotiated changes to the Franchise Agreement and/or Multi-Unit Development Agreement that differ from the FDD, nothing in this Acknowledgement Addendum or in any related agreement is intended to disclaim representations made in Sky Zone Franchise Group, LLC’s ~~2023~~2024 FDD that was provided to you.

EXHIBIT B TO THE DISCLOSURE DOCUMENT
MULTI-UNIT DEVELOPMENT AGREEMENT

**SKY ZONE
MULTI-UNIT DEVELOPMENT AGREEMENT**

**[NAME OF DEVELOPER]
[NAME OF DEVELOPMENT AREA]**

Table of Contents

	<u>Page</u>
1. Development Area.....	1
2. Grant of Development Rights.....	1
3. Term.....	2
4. Initial Services and Ongoing Obligations.....	2
5. Our Reservation of Rights.....	2
6. Development Fee.....	2
7. Execution of Franchise Agreements.....	2
8. Ownership; Control Group; Responsible Person Personal Guaranty.....	3
9. Default and Termination.....	4
10. Franchise Agreements May Not be Affected.....	4
11. Future Development.....	4
12. Compliance with Applicable Laws.....	5
13. Your Non-Competition Obligations.....	5
13.1 During Term.....	5
13.2 After Term.....	5
13.3 Other Covenants.....	65
13.4 Exception.....	6
13.5 Injunctive Relief.....	6
14. No Rights to Development Area Upon Termination.....	6
15. Assignment by Us.....	6
16. Assignment by You.....	6
17. Severability.....	6
18. Waivers.....	6
19. Dispute Resolution.....	76
19.1 Mediation.....	76
19.2 Arbitration.....	87
19.3 Exceptions to Arbitration.....	9
19.4 Prevailing Party's Fees.....	9
19.5 Survival.....	9
19.6 Tolling of Statute of Limitations.....	9

19.7	Performance to Continue.....	10 9
19.8	Governing Law.....	9
20.	Consent to Jurisdiction.....	9
20 21.	Waiver of Punitive Damages, Jury Trial and Class Actions.....	10 9
21 22.	Notices.....	10
22 23.	Force Majeure.....	10
23 24.	Multiple Copies.....	11 10
24 25.	Entire Agreement.....	11 10
25 26.	Modification.....	11
26 27.	No Third-Party Third Party Beneficiaries.....	11
27 28.	Other Franchisees/Developers.....	11
29.	Binding Effect.....	11
29 30.	No Guarantee of Success.....	11

APPENDIX A – DEVELOPER-SPECIFIC TERMS

EXHIBIT B – OWNERS’ PERSONAL GUARANTY OF DEVELOPER’S OBLIGATIONS

SKY ZONE MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (the “**Agreement**”) is made and entered into as of the date listed on Appendix A (the “**Effective Date**”) Sky Zone Franchise Group, LLC, a limited liability company formed under Missouri law, with its principal business address at ~~5875 Arnold Road, Dublin, California 94568~~ 86 N. University Avenue, Suite 350, Provo, Utah 84601 (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and the person or entity identified on Appendix A as the “**Developer**” with its principal place of business as set forth on Appendix A (referred to in this Agreement as “**you**” or “**your**”).

WHEREAS, you have provided us with all financial information about your shareholders, partners, officers, directors, guarantors and other persons as we have requested; and

WHEREAS, you desire to develop, own and operate, through yourself or an affiliate in which your Control Group (as defined in Section 8 below) owns and controls 51% or more interest (an “**Affiliated Entity**”), multiple SKY ZONE trampoline parks (each, a “**Business**”) in the development area specified in Appendix A (the “**Development Area**”).

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby mutually agree as follows:

1.1. Development Area. With respect to the Development Area specified in Appendix A, all political boundaries shall be considered fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above. In case of inconsistency between the written description above and any map attached to Appendix A, the written description of the Development Area controls.

2.2. Grant of Development Rights.

Subject to the terms and conditions of this Agreement and provided that you and your Affiliated Entities are in full compliance with this Agreement and any other agreement (including any Franchise Agreement) between you or your Affiliated Entities and us, we grant you the right, and you undertake the obligation, to establish and operate in the Development Area for your own account or through an Affiliated Entity, the number of Businesses specified in the development schedule in Appendix A (the “**Development Schedule**”). This Agreement does not grant you any right to use the Sky Zone trademark or any other marks that we designate (the “**Marks**”) or the system and methods used in Businesses (the “**System**”), which are each granted only by the execution of a Franchise Agreement with us. You may not develop the Businesses at locations outside of the Development Area and you may not sublicense any of the rights granted to you herein.

You must have open and in continuous operation in the Development Area, pursuant to Franchise Agreements, the cumulative number of Businesses specified in the Development Schedule by each of the development deadlines specified in the Development Schedule (the “**Development Deadlines**”). It is of material importance to us that you timely perform all obligations under this Agreement and the Franchise Agreement for each Business.

You represent that you conducted your own independent investigation and analysis of the prospects for the establishment of Businesses within the Development Area, approve the Development Schedule as being reasonable and viable, and recognize that failure to achieve the results described in the Development Schedule will constitute material breach of this Agreement.

~~3.3.~~ **Term.** Unless sooner terminated in accordance with Section 9, the term of this Agreement will expire on the earlier of: (i) the opening of the last Business listed in the Development Schedule; or (ii) the ~~date~~[last Development Deadline](#) set forth in Appendix A. There is no right to renew this Agreement.

~~4.4.~~ **Initial Services and Ongoing Obligations.** You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening your locations shall be provided pursuant to any Franchise Agreements between you and us.

~~5.5.~~ **Our Reservation of Rights.** Although we will not develop, operate, or franchise a Business physically located within the Development Area while this Agreement is in effect, we, our parent and our affiliates (and our and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights with respect to the Marks, the System and Businesses anywhere in the world, and the right to engage in any business whatsoever, and any other right not expressly granted to you in this Agreement, including the right to:

~~5.1~~[5.1](#) operate, and/or grant to others the right to operate, any trampoline based recreational facility (“**Competitive Businesses**”) offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

~~5.2~~[5.2](#) offer to sell, or sell and distribute, any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, anywhere through any distribution channels or methods, which may include retail stores, wholesale, and the Internet (or any other existing or future form of electronic commerce); [and](#)

~~5.3~~[5.3](#) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere and, even if such businesses are located in the Development Area, [and](#) (i) convert the other businesses to the Sky Zone name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name.

~~6.6.~~ **Development Fee.** For the rights we grant you under the terms of this Agreement, you agree to pay us a development fee as specified in Appendix A (the “**Development Fee**”) upon execution of this Agreement. The Development Fee is fully earned on receipt and is not refundable for any reason.

~~7.7.~~ **Execution of Franchise Agreements.**

You or an Affiliated Entity must execute a separate Franchise Agreement in our then-current form (a “**Franchise Agreement**”) for each Business to be established by you in the

Development Area, except that you are not required to pay us any Initial Franchise Fee under such Franchise Agreement. Further, if you are in good standing at the time each subsequent Franchise Agreement is executed, we will modify each such Franchise Agreement so that the “Royalty Fee” in each such agreement shall be equal to 6% of the Total Gross Revenue (as defined in such Franchise Agreement) of the Business.

You or an Affiliated Entity must sign the Franchise Agreement for a Business the earlier of: (a) the date you or an Affiliated Entity sign a lease for the Business location; or (b) 60 days prior to the Development Deadline for such Business. If you fail to provide us with an executed then-current form of Franchise Agreement (as modified consistent with ~~the preceding sentences~~this Section 7) at least 60 days prior to ~~the date scheduled as the opening date for a particular location~~Development Deadline, your failure will be deemed a material breach of this Agreement and we will have the right to terminate this Agreement as provided herein.

8.8. Ownership; Control Group; Responsible Person Personal Guaranty.

Any person holding an ownership interest in you is an “**Owner**” for purposes of this Agreement. You acknowledge and agree that we have granted the rights in Section 1 above to you, (a) based on you, your Owner or the group of Owners described in Appendix A hereof that has, directly or indirectly, 51% or more ownership interest in you and voting control over its ownership interests in you (“**Control Group**”) and (b) based on the same ownership and voting control of such Control Group, in the same percentage as hereunder, in each Franchisee that executes a Franchise Agreement hereunder. If you are a business corporation, partnership, limited liability company or other legal entity (an “**Entity**”), the same Control Group must own a minimum of 51% in you and in any Affiliated Entity executing a Franchise Agreement as a SKY ZONE franchisee (“**Franchisee**”) pursuant to this Agreement. All such ownership interests of Owners in the Control Group shall be in the same percentages in your Entity under this Agreement as it shall be in any Franchisee Entity executing a Franchise Agreement. Furthermore, you acknowledge and agree that we have the right to approve in advance the ownership structure of each Franchisee executing a Franchise Agreement pursuant to this Agreement.

Each Owner that has a greater than 10% interest in you, if you are an Entity, must sign Appendix B to this Agreement (Owners’ Personal Guaranty of Franchisee’s Obligations). However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or Entity who directly or indirectly owns 10% or less interest in you, we have the right to designate that person as an Owner who must sign Appendix B to this Agreement. In addition, if you are a partnership Entity, then each person or entity who, now or hereafter is or becomes a general partner is deemed an Owner who must sign Appendix B, regardless of their percentage ownership interest.

You must designate one individual, who shall be set forth in Appendix A, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement (“**Responsible Person**”). You ~~(or your Responsible Person)~~ shall exert ~~your (or their)~~ best efforts to the development of your Businesses; and absent our prior approval may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with the obligations hereunder. You must notify us of any proposed change of the Responsible Person and receive our written approval prior to such change. If such change results from the termination (whether voluntary or involuntary) of the Responsible Person, you must submit a new proposed Responsible Person within 15 days after such termination. Neither you nor your Owners will,

directly or indirectly, take any actions to avoid or restrict the authority requirement for the Responsible Person.

Your Responsible Person and other Owners are identified in Appendix A to this Agreement. You and each of your Owners represent, warrant and agree that the attached Appendix A is a current, complete and accurate list of all Owners. Every time there is a change in the persons or Entities who are your Owners, you must, within seven calendar days from the date of such change, notify us of the change and cooperate with us in updating Appendix A so that it is at all times current, complete and accurate.

9.9. Default and Termination.

If (i) you fail to comply with the Development Schedule for any location at any time, (ii) you fail to comply with the other terms of this Development Agreement, or (iii) we terminate a Franchise Agreement between you or an Affiliated Entity and us, we may terminate this Agreement immediately upon the occurrence of (iii) and following our giving you 30 days' notice and opportunity to cure upon the occurrence of (i) or (ii), without further recourse to you.

Without waiving any rights afforded to us under this Agreement or any Franchise Agreement in which you or an Affiliated Entity own or hold any interest, we have the right, but no obligation, to refrain from exercising our termination right in favor of granting you a written extension on the Development Schedule. Such an extension may, in our business judgment, be conditioned on any or all of the following: (a) a reduction in the size of the Development Area; (b) a modified Development Schedule (in terms of timing and/or number of units to be opened); (c) your execution of our then-current form of general release; and/or (d) your execution of our then-current form of Development Agreement, which shall replace this Agreement and which may contain materially different terms and conditions. In addition, if we grant you a written extension, you must pay to us an extension fee of \$250 per day. Nothing obligates us to grant you an initial or any subsequent extension on the Development Schedule. We reserve the right to terminate this Agreement at any time if you fail to comply with its terms, including at the end of any unfulfilled extension period.

10.10. Franchise Agreements May Not be Affected. ~~Upon termination of this Agreement, (i) you and your Affiliated Entities will continue to pay all required fees and operate the Businesses that you or they own in~~ Except as expressly provided in this Agreement, all individual Franchise Agreements that we and you or an Affiliated Entity sign for Businesses within the Development Area pursuant to the terms of the applicable Franchise Agreement that we executed prior to the termination are independent of this Agreement, and (ii) your (or your Affiliated Entity's) and our rights and obligations with respect to your existing Businesses will be governed by the terms of the applicable Franchise Agreements unless there also exists a basis to terminate the applicable. The continued effectiveness of any individual Franchise Agreement(s) for such Business(es) and we exercise such right, does not depend on the continued effectiveness of this Agreement. If any conflict arises between this Agreement and any individual Franchise Agreement as to any individual Business, the latter will control.

Upon termination of this Agreement, neither you nor any of your Affiliated Entities has a right to establish or operate any individual Business for which an individual Franchise Agreement has not been executed by us at the time of termination. We may establish, and to license others to establish, Businesses in the Development Area, except as may be otherwise provided under any other agreement which has been executed between you or an Affiliated Entity and us.

~~11.~~ **11. Future Development.** You recognize and acknowledge that this Agreement requires you to open Businesses in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Businesses likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You must execute all the Franchise Agreements and open all the Businesses by the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Businesses, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Development Agreement if you have not complied with each and every condition necessary to develop the Businesses, or if you do not meet our then-current requirements for franchisees at the time you are scheduled to execute a Franchise Agreement.

~~12.~~ **12. Compliance with Applicable Laws.** You must, at your expense, comply with all federal, state, city, municipal and local laws, ordinances, rules and regulations in the Development Area pertaining to the development of your Businesses.

~~13.~~ **13. Your Non-Competition Obligations.**

~~13.1~~ **13.1. During Term.** You, any personal guarantors, each of your Owners and your and your Owner's respective spouse, parent (including stepparents), sibling (including half siblings), or child (including step children), whether natural or adopted (such relatives, the "Immediate Family"), will not, during the term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) Divert or attempt to divert any present or prospective business or customer of any Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the; or

(b) Own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in any Competitive Business.

~~13.2~~ **13.2 After Term.** You covenant that, except as otherwise approved in writing by us, you and your Owners shall not, for a continuous, uninterrupted period of two years commencing upon the date of (a) a transfer permitted under Section 16, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 13.2, either directly or indirectly, for yourself or your spouse, parents (including step parents), siblings (including half siblings), and children (including step children), whether natural or adopted (your "Immediate Family"), or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (a) within the Development Area, (b) within 15 miles of any Business developed pursuant to this Agreement, or (c) within 15 miles of any other SKY ZONE Business in operation or under construction as of the

date that you are required to comply with this Section 13.2. You agree and acknowledge that the two-year period of this restriction shall be tolled during any time period in which you are in violation of this restriction.

~~13.3~~ 13.3 **Other Covenants**. Furthermore, you agree and acknowledge that any in-term covenant to compete that applies to you, your affiliates, your Owners or your Immediate Family under any Franchise Agreement with us shall continue to apply and will not be superseded or amended by the termination of this Agreement and the applicability of Section 13.3.

~~13.4~~ 13.4 **Exception**. The restrictions in Sections 13.1.3 and 13.2 do not apply to: (a) interests in or operation of a Business under a written Franchise Agreement with us; or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than 5% of that class of securities.

~~13.5~~ 13.5 **Injunctive Relief**. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of any alleged breach or violation of this Section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

~~14.~~ 14. **No Rights to Development Area Upon Termination**. After the termination or expiration of this Agreement for any reason, any and all rights you had in and to the Development Area shall cease, and we will have the absolute and unrestricted right to develop the Development Area or to contract with other franchisees for the future development of the Development Area.

~~15.~~ 15. **Assignment by Us**. We have the right to sell or assign, in whole or in part, our interests in this Agreement, and any such sale or assignment shall inure to the benefit of any assignee or other legal successor to our interest.

~~16.~~ 16. **Assignment by You**. You may only transfer your rights and interests under this Agreement if you obtain our prior written consent and transfer all of your, and your Affiliated Entities' respective rights and interests under all Franchise Agreements for the Businesses in the Development Area. Accordingly, the assignment terms and conditions in the Franchise Agreements apply to any transfer of your rights and interests under this Agreement or any ownership in you, except that you cannot assign your rights and interests in this Agreement for an amount of consideration greater than the Development Fee specified in Section 6 (Development Fee) unless we otherwise agree and you comply with all supplemental assignment conditions we specify in our business judgment, including, without limitation, your payment of supplemental transfer fee in the amount we specify.

~~17.~~ 17. **Severability**. To the extent that this Agreement is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

~~18.~~ 18. **Waivers**. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted hereunder or of the future performance of any such

term or condition or of any other term or condition of this Agreement, unless such waiver is in a writing signed by or on behalf of both parties.

19.19. Dispute Resolution.

19.1-19.1 **Mediation.** Except as provided in Section 19.3 (Exceptions to Arbitration), prior to filing any demand for arbitration, the parties agree to mediate any dispute, controversy or claim between and among the parties and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to (i) this Agreement, (ii) any lease or sublease for your Business, (iii) any loan or other finance arrangement between us or our Affiliates and you, (iv) the parties' relationship, (v) your Business, or (vi) the System (a "**Dispute**") in accordance with the following procedures:

(a) The party seeking mediation must commence mediation by sending the other party, in accordance with Section 23 (Notices), a written notice of its request for mediation headed "**Notification of Dispute.**" The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute; the amount of damages and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within 20 days after receipt thereof, stating its version of the facts and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Section 9 (Default and Termination), the other party will respond within 10 business days.

(b) Upon receipt of a Notification of Dispute and response under Section 19.1(a), the parties will endeavor, in good faith, to resolve the dispute outlined in the Notification of Dispute and response. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within 20 days after receipt of the response, either party may initiate a mediation procedure with the American Arbitration Association ("**AAA**"), pursuant to its Commercial Mediation Procedures, in the city of our then-current corporate headquarters, unless both parties agree to a different location. The parties must select a mediator jointly.

(c) All mediation sessions must be attended by an Owner (who has authority to settle the dispute on your behalf) and our representative(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within 30 days, any party may initiate an arbitration pursuant to Section 19.2 (Arbitration). In addition, if the party receiving notice of mediation has not responded within 5 days of delivery of the notice or a party fails to participate in the mediation, this Section 19.1 will no longer be applicable and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential. At least five days prior to the initial mediation session, each party must deliver a written statement of positions.

19.2-19.2 **Arbitration.** Except as provided in Section 19.3 (Exceptions to Arbitration), any Dispute, including any dispute regarding the scope or validity of the arbitration obligation

under this Section, not resolved by mediation must be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect to be heard by one arbitrator.

(a) **Counterclaims**. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

(b) **Waiver of Class Actions**. Any arbitration must be on an individual basis only as to a single franchise (and not as or through an association) and the parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or class-wide claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section ~~21~~20 (Consent to Jurisdiction).

(c) **Venue**. The arbitration must take place in the city where our headquarters is located at the time of the dispute.

(d) **Arbitrator**. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator will have subpoena powers limited only by the laws of the state in which our corporate headquarters is then located. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which our corporate headquarters is then located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including: any decision as to whether Section 19.2 (Arbitration) is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

(e) **Orders**. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

(f) **Procedure**. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state of Missouri. All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in Missouri.

(g) **Confidential.** Other than as may be required by law, the entire arbitration proceedings (including any rulings, decisions, or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

(h) **Advances.** We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 19.4 (Prevailing Party's Fees).

19.3-19.3 Exceptions to Arbitration. Notwithstanding Sections 19.1 (Mediation) and 19.2 (Arbitration), the parties agree that the following Disputes will not be subject to arbitration or mediation:

(a) any action for equitable relief, including seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property;

(c) any action which by Applicable Law cannot be arbitrated; or

(d) our decision in the first instance to issue a notice of default and/or notice of termination or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

19.4-19.4 Prevailing Party's Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

19.5-19.5 Survival. The provisions of this Section 19 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.6-19.6 Tolling of Statute of Limitations. All applicable statutes of limitation and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 19 are pending. The parties will take such action, if any, required to effectuate such tolling.

19.7-19.7 Performance to Continue. Each party must continue to perform its obligations under this Agreement pending final resolution of any Dispute pursuant to this Section 19, unless to do so would be impossible or impracticable under the circumstances.

19.8 Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Missouri although any Missouri franchise law only applies in the event you are a Missouri resident or the Development Territory is located in Missouri. In the event of any conflict-of-law question, the laws of Missouri shall prevail, without regard to the application of Missouri conflict-of-law rules.

19.9 Consent to Jurisdiction. Subject to Section 19 (Dispute Resolution), you and the Owners must file any suit against us, and we may file any suit against you, in federal or state courts located in the state where our principal place of business is then located. You (and each Owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.

20. Waiver of Punitive Damages, Jury Trial and Class Actions. Except with respect to any obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any confidential information, we and you and your respective Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive, to the fullest extent permitted by law, trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us. Any claims must be brought on an individual basis only as to a single franchise (and not as or through an association or class). Each party acknowledges that it has had a full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

21.21. Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by electronic mail (with a copy sent by US Mail or Overnight delivery services). Notices to you will be sent to the address set forth on Appendix A. Notices to us must be sent to both:

Sky Zone Franchise Group, LLC
86 N. University Avenue, Suite 350
Provo, Utah 84601

~~5875 Arnold Road~~
~~Dublin, California 94568~~

Attn: Franchise Operations (franchiseops@skyzone.com)
with copy to Sky Zone Legal (legal@skyzone.com)

Either party may change its mailing address or electronic mail address by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or when sent by electronic mail.

22.22. Force Majeure. Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from: (i) transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) acts of nature; (iii) fires, strikes, embargoes, war or riot; (iv) failure to obtain land use or environmental approvals from the applicable government body or agency, so long as you diligently pursue any such required approvals; or (v) any other similar event or cause.

~~23-23. Multiple Copies.~~ This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which when taken together shall constitute one and the same document. This Agreement shall not be binding on either party until it is executed by both parties.

~~24-24. Entire Agreement.~~ This Agreement, together with any addenda and appendices, constitute the sole agreement between you and us with respect to the entire subject matter of this Development Agreement and embodies all prior agreements and negotiations with respect to your Businesses authorized hereunder. We expressly disclaim any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us.

~~25-25. Modification.~~ This Agreement shall not be modified or amended except by an instrument in writing signed by or on behalf of the parties hereto.

~~26-26. No Third-Party Beneficiaries.~~ Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

~~27-27. Other Franchisees/Developers.~~ You acknowledge that other SKY ZONE franchisees/developers have or will be granted franchises or multi-unit development rights at different times and/or in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

~~28-28. Binding Effect.~~ This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

~~29-29. No Guarantee of Success.~~ YOU AND EACH OF THE UNDERSIGNED OWNERS WARRANT AND REPRESENT THAT HE/SHE HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE, PROFIT OR THE SUCCESS OF THIS FRANCHISE IN SO SIGNING.

No Waiver or Disclaimer Of Reliance In Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR

SKY ZONE FRANCHISE GROUP, LLC

By: _____

Name: _____

Title: _____

Date: _____ **FRANCHISEE**

DEVELOPER

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

**APPENDIX A
TO THE
DEVELOPMENT AGREEMENT
DEVELOPER-SPECIFIC TERMS**

Effective Date (First Paragraph): _____

Developer's Name: _____

Developer's Address And Electronic Mail Address For Notices:

Development Area (Section 1): [attach map if necessary]

Development Fee (Section 6): \$ _____

Development Schedule (Section 2): You agree to establish and operate a total of ____
Businesses within the Development Area during the term of this Agreement. The
Businesses must be open and operating in accordance with the following Development
Schedule:

<u>MINIMUM NUMBER OF BUSINESSES</u>	<u>DEVELOPMENT DEADLINE</u>
The Minimum Number of Businesses Open and Operating by Each Development Deadline	Deadline for Having the Minimum Number of Businesses Open and Operating

--	--

Partnership. Developer is a general or limited partnership formed ~~on~~ _____ on _____, under the laws of the State of _____ . Its Federal Employer Identification Number is _____ . It has not conducted business under any name other than its partnership name.

Name of Each General Partner

Responsible Person (Section 8.3). The name and home address of the Responsible Person is as follows: _____

Owners and Control Group (Section 8.1).

Owners. Developer and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of any interest whatsoever in Developer, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Developer. Developer and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest

Control Group. You represent and warrant that the following Owner or group of Owners has, directly or indirectly, 51% or more ownership interest in you and voting control over its ownership interests in you and constitutes your Control Group as described in Section 8.1 (Control Group) of this Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest

[Appendix A Signature Page Follows]

This Appendix A is deemed accepted and made a part of the Multi-Unit Development Agreement as of the Multi-Unit Development Agreement's Effective Date.

FRANCHISOR

SKY ZONE FRANCHISE GROUP, LLC

By: _____
Name: _____
Title: _____

Date: _____ **FRANCHISEE**

DEVELOPER

(IF ENTITY):

[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

[Signature]

[Print Name]

Date: _____

APPENDIX B
OWNERS' PERSONAL GUARANTY OF DEVELOPER'S OBLIGATIONS
(attached)

OWNERS' PERSONAL GUARANTY OF DEVELOPER'S OBLIGATIONS ("Guaranty")

In consideration of, and as an inducement to, the execution of the Sky Zone Franchise Group, LLC Multi-Unit Development Agreement dated as of , 20, (the "**Agreement**") by and between the Sky Zone Franchise Group, LLC ("**Franchisor**"), and ("**Developer**") each of the undersigned Owners of a greater than 10% interest in Developer hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments) and that each and every representation of Developer made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any amendments), including, without limitation, the confidentiality and non-competition provisions.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; (e) notice of any amendment to the agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guaranty shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (iv) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Developer or to any other person including, without limitation, 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 guaranty, which shall be continuing and irrevocable until satisfied in full.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of the Guaranty will inure to the benefit of our successors and assigns.

This Guaranty shall be governed by the governing law provisions set forth in Section 20 (Governing Law) of the Agreement and all disputes related to it shall be resolved in accordance with the dispute resolution provisions set forth in Sections 19 (Dispute Resolution), 2120 (Consent to Jurisdiction), and 2221 (Waiver of Punitive Damages, Jury Trial and Class Actions) of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Agreement.

**PERCENTAGE OF OWNERSHIP
INTEREST IN**

~~FRANCHISEE~~ DEVELOPER

GUARANTOR (S)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

EXHIBIT C TO THE DISCLOSURE DOCUMENT
STATE LAW ADDENDA TO FDD

STATE LAW ADDENDUM TO THE DISCLOSURE DOCUMENT

The following provision is applicable to franchisees and franchises subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin:

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

STATE LAW ADDENDUM - CALIFORNIA

“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 FRANCHISE DISCLOSURE DOCUMENT.”

Notwithstanding anything contained in the foregoing Franchise Agreement, Multi-Unit Development Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the California Investment Law shall apply to any franchise or franchisee located in the State of California, which shall control to the extent of any inconsistency:

The following language is added to the “Special Risks to Consider About *This* Franchise” page:

Spousal Liability. While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse’s marital and personal assets, including your house, could be lost if your franchise fails.

Item 1 of the FDD

This following language is added to the end of Item 1 of the Franchise Disclosure Document:

Covid-19 governmental orders resulted in temporary closings of some Parks and have led to requirements that all Parks comply with Center for Disease Control guidelines.

Item 3 of the FDD

Neither we, nor any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Item 6 of the FDD

The following language is added to the end of the “Remarks” column for Line Item entitled “Interest on Late Payments”: In California, the highest interest rate permitted by law is 10%.

Item 17 of the FDD

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

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

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

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.

The Franchise Agreement requires application of the law of Missouri. This provision may not be enforceable under California law.

You must sign a general release 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). 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).

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Multi-Unit Development Agreement may limit franchisee's rights and may not be enforceable including, but not limited to: a class action waiver, jury trial waiver, limitation of time to bring claims and punitive damages waiver.

The Franchise Agreement and Multi-Unit Development Agreement are amended to add the following language:

"No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker 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."

Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and Franchise Disclosure Document shall remain in full force and effect, except to the extent specifically modified herein.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE LAW ADDENDUM - ILLINOIS

Notwithstanding anything contained in the foregoing Franchise Agreement, Multi-Unit Development Agreement and Franchise Disclosure Document to the contrary, the following provisions of the Illinois Franchise Disclosure Act ("Act") shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency:

1. The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement and Multi-Unit Development Agreement.

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

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

2. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement or Multi-Unit Development Agreement shall remain in full force and effect, except to the extent specifically modified herein.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE ADDENDUM FOR THE STATE OF INDIANA

1. To be added to Item 3 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 XVII of the Franchise Agreement and Article IX 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE LAW ADDENDUM - MARYLAND

REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for Sky Zone Franchise Group, LLC for the State of Maryland for Sky Zone Franchise Group, LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements. The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise and Multi-Unit Development Agreements may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 11 of the Franchise Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund as required by the Maryland Franchise Registration and Disclosure Law, by requesting same in a written request to Franchisor.

3. Item 17 of the Franchise Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby deemed to be amended accordingly.

4. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the nonoccurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement and Franchisee Disclosure Acknowledgement Statement are amended to comply with this provision.

5. Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17 of the Franchise Disclosure Document is hereby amended to state that the Franchise Agreement and Multi-Unit Development Agreement require binding arbitration, the site of which is in the state of Missouri, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction. The law of the State of Missouri governs the arbitration. However, pursuant to the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the franchisor in the State of Maryland, regardless of the language in the Franchise Agreement and Multi-Unit Development Agreement.

7. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

Witness

STATE LAW ADDENDUM - MINNESOTA

Notwithstanding anything contained in the foregoing Franchise Agreement, Multi-Unit Development Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

1. The following paragraph is added to Section IX.B. of the Franchise Agreement and Item 13 of the FDD:

FRANCHISOR agrees to protect FRANCHISEE against claims of infringement or unfair competition with respect to FRANCHISEE’S authorized use of the Marks when, in the opinion of counsel to FRANCHISOR, FRANCHISEE’S rights granted therein warrant protection.

2. Section XVIII.G of the Franchise Agreement, IX.G of the Multi-Unit Development Agreement, the State Cover Sheet and Item 17v and 17w of the FDD are modified to provide the following: Minn. Stat. §§80C.21 and Minn. Rule 2860.4400J prohibit FRANCHISOR from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of FRANCHISEE’S rights as provided for in Minnesota Statutes, Chapter 80C, or FRANCHISEE’S rights to any procedure, forum or remedies provided for by the law of Minnesota.
3. Sections IV.B and XII.A of the Franchise Agreement and Item 17 of the FDD are hereby modified to provide the following: With respect to franchises governed by Minnesota law, FRANCHISOR will comply with Minn. Stat. Sect 80C.14, subs. 3, 4 and 5 which require, except in certain specified cases, that FRANCHISEE will be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.
4. Sections IV.B and XV.B of the Franchise Agreement and 17.b and 17.m of the FDD are hereby modified as follows: Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.
5. Sections XVIII.G and Q of the Franchise Agreement and 17b, 17.v and 17.w of the FDD are hereby modified to the extent required by the follows:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400 (J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

6. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE LAW ADDENDUM - NEW YORK

REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

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 G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. 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.

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. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE LAW ADDENDUM - NORTH DAKOTA

DISCLOSURE DOCUMENT 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 III and XIV of the Franchise 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 Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Article X of the Franchise Agreement are amended accordingly.

3. Item 17(u) of the Disclosure Document, Article XVI of the Franchise Agreement and Article VIII of the Multi-Unit Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

4. Item 17(v) of the Disclosure Document and the provisions of Article XVII of the Franchise Agreement and Article IX of the Multi-Unit Development Agreement which require jurisdiction of courts in the State of Missouri are deleted.

5. Item 17(w) of the Disclosure Document, Article XVII of the Franchise Agreement and Article IX of the Multi-Unit Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

6. Apart from civil liability as set forth in Section 51-19-12 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 to waive their rights under North Dakota law.

7. The provisions of Article XVII of the Franchise Agreement and Article IX of the Multi-Unit Development 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 Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

8. The provisions of Article XVII of the Franchise Agreement and Article IX of the Multi-Unit Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE LAW ADDENDUM - RHODE ISLAND

DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

STATE LAW ADDENDUM TO THE DISCLOSURE DOCUMENT- WASHINGTON

1. The following language is added to the end of Item 17 of the Franchise Disclosure Document:

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.

ADDENDUM TO THE FRANCHISE AGREEMENT - WASHINGTON

THIS RIDER is made by and between SKY ZONE FRANCHISE GROUP, LLC, a Missouri limited liability company whose principal business address is ~~5875 Arnold Road, Dublin, California 94568~~ 86 N. University Avenue, Suite 350, Provo, Utah 84601 (“we,” “us,” or “our”), and _____, a(n) _____ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Sky Zone Park you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offer or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the 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 WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT - WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Multi-Unit Development 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 Multi-Unit Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

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 multi-unit development 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 multi-unit development 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 multi-unit development 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 multi-unit development 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 multiunit development agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

SKY ZONE FRANCHISE GROUP, LLC

Witness

By:_____

Name:_____

Title:_____

FRANCHISEE:

Witness

EXHIBIT D TO THE DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF MANUAL

A. INTRODUCTION	6
Welcome Letter.....	6
History of Sky Zone.....	7
Services Provided to Franchise Partners.....	8
Franchise Partner Responsibilities.....	11
B. PRE-OPENING PROCEDURES.....	15
Pre-Opening Responsibilities.....	15
Establishing Your Business Form.....	15
Real Estate Site Selection	18
Space Planning Process.....	19
Fixtures, Equipment, Inventory, and Supplies.....	25
Required Utilities and Services.....	26
Required Licenses and Permits.....	27
Setting Up Bank Accounts.....	28
Procuring Required Insurance.....	28
Meeting Your Tax Obligations	29
Conducting Your Grand Opening.....	30
Digital Setup	31
Section B Forms.....	32
C. HUMAN RESOURCES.....	34
Federal and State Law Resources	34
EEOC Guidelines.....	34
Laws Regarding Harassment and Discrimination.....	34
Wage and Labor Laws	35
Immigration Reform/Control Act	35
Profile of Ideal Sky Zone Team Member	35
Job Descriptions.....	36
Recruiting Team Members	46
Hiring on a Probationary Period	52
Personnel Policies	53
Time-Tracking Procedures.....	53
Uniform and Dress Code	54
Performance Evaluations	55
Progressive Discipline	57
Termination/Separation.....	59
Section C Forms.....	61
D. LEARNING & DEVELOPMENT.....	100
Tips for Training and Communication	100
Park Operations Training.....	101
Onsite Support	102
Sky Zone University (eLearning)	103
Ongoing Training Process.....	105
E. GUEST EXPERIENCE.....	106
Defining the Guest Experience	106
Managing the Guest Experience	110
Answering Guest Questions.....	111

Explaining Sky Zone Policies	114
Core Menu Offerings	115
Selling Open Jump Tickets	115
Multi-Day Pass.....	116
Membership	117
Sky Zone Price Ranges	118
Transacting Sales	119
Section E Forms.....	122
F. BIRTHDAY PROCEDURES.....	127
Selling Birthday Parties	127
Pre-Birthday Party Procedures.....	135
Day of Birthday Party Procedures	135
G. EVENT PROCEDURES.....	139
Selling Corporate Events	139
H. PROGRAM PROCEDURES.....	143
Core Programs	143
Glow.....	144
Lock-Ins	148
Toddler Time	149
Fitness Programs.....	151
Overview of SkyFit Classes.....	151
I. MANAGING A SKY ZONE TRAMPOLINE PARK.....	156
Hours of Operation	156
Overview of Responsibilities.....	157
Managing Personnel.....	159
Managing the Guest Experience	164
Inventory Management	165
Operational and Financial Reporting	167
Loss Prevention Techniques	168
Required Franchise Partner Reporting	168
J. COURT RULES AND SAFETY MANAGEMENT	170
Executive CircusTrix, LLC Board Corporate Safety Philosophy.....	170
Setting the Court Capacity	170
General Court Rules for Participants	172
General Court Safety Rules	174
With Restrictions/Content/Warning Box & Play at Your Own Risk	174
Guest Patron Safety Rules	175
Dodgeball Safety & Game Rules.....	176
SkySlam Rules.....	179
Foam Zone Rules	181
Toddler Time	183
The Rules Speech.....	184
Court Monitor Responsibilities	184
Supervision	186
Rules Delivery & Guest Engagement.....	188
Policies	190

General Safety Management Procedures	196
Park Incidents.....	199
Security Issues	221
Legal Responsibilities and Issues	224
SPECIAL PROCEDURES	227
RISK/LEGAL/SAFETY TEAM RESOURCES.....	228
Covid-19 Incident Reporting	229
K. MAINTAINING YOUR PARK	230
Cleaning Program	230
Court Maintenance Manual.....	232
Preface.....	232
Courts Overview	233
Equipment Inspections and Maintenance	235
Ordering	253
Repair and Installation Procedures	262
Court Materials	282
Section K Forms	285
L. MARKETING AND PROMOTION.....	295
Required Advertising Expenditures.....	295
Brand Standards.....	297
Obtaining Advertising Approval.....	297
Digital Advertising Policy	1
Public Relations/Community Involvement.....	7
Outside Sales.....	8
Section L Forms.....	8
M. PARK TECHNOLOGY	11
Sky Zone Digital Support Guide.....	11
Technology Points of Contact.....	11

TOTAL PAGES: 312

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

(as of ~~December 31, 2022~~[February 29, 2024](#))

Franchisee	Phone	Address	City	State/ Province	Zip Code
Kim Moore	(256) 980-1700	250 Mangum St	Florence	AL	35630
Chris and Kim Fudge	(334) 239-2587	5544 Atlanta Hwy	Montgomery	AL	36117
Cheryl Farago and Katie Moore	(480) 226-1842	1095 S. Arizona Ave	Chandler	AZ	85286
Ryan Senters Usman Rao	(602) 704-3404	3636 W Southern Avenue	Laveen	AZ	85041
Matthew Frick	(623) 979-4000	9040 W Larkspur Dr #134	Peoria	AZ	85381
Chance Holmes, Matthew Frick	(602) 493-5867	4857 E Greenway Rd Ste A	Phoenix/ Scottsdale	AZ	85254
Chance Holmes, Matthew Frick	(602) 493-5867	4857 E Greenway Rd Ste A	Scottsdale	AZ	85254
Joshua Rathweg, Stephan Rathweg	(858) 400-4550	6133 Innovation Way, Ste 102	Carlsbad	CA	92009
Faisal Zia, Mohammed Zia, Farhan Qadri, Irfan Ahmed	(562) 203-1333	10755 South St,	Cerritos	CA	90703
Manuel Sol, Enrique Robles, Hector Troncoso, Mauricio Robles, Julian Gerrea, Luis Roberto	(619) 754-9782	851 Showroom Pl #100	Chula Vista	CA	91914
David Ruiz, Mark Ganessa Faisal Zia, Farhan Qadri, Irfan Ahmed	(626) 986-0106	1314 N Azusa Ave	Covina	CA	91722
David Ruiz, Mark Ganessa, Kevin McDemeritt Guminder Garcha	(951) 643-0099 246-3098	4031 Flat Rock Rd 39177 Farwell Dr	Riverside Freemont	CA	92505 94538
Usman Rao	(916) 314-0025	3132 Dwight Rd #900	Elk Grove	CA	95758
Usman Rao		8787 San Ysidro Ave	Gilroy	CA	95020
AJ Ahmad	(714) 249-7676	1411 Village Way	Santa Ana	CA	92705
Brag Bergum	(415) 948-4724	3215 Coffey Lane	Santa Rosa	CA	95403
Joshua Rathweg, Stephan Rathweg	(858) 779-2377	860 Los Vallecitos Blvd	San Marcos	CA	92069
Joseph Conway, Johnnie Hernandez	(209) 888-0900	5358 Pacific Ave	Stockton	CA	95207
Matt Lambeth, Jeff Flegal Todd Carlson	(340) 707 323-4500 492-5867	1625 W 190th St 828 Alamo Dr	Torrance Vacaville	CA	90248 95688
David Ruiz, Mark Ganessa	(818) 946-0082	7741 Havenhurst Ave	Van Nuys	CA	91406
Mohammed Zia	(805) 804-9555	2825 Johnson Dr	Ventura	CA	93003
Jim Bellino	(714) 415-5867	1025 Westminster Mall Suite 2086A	Westminster	CA	92683
Jeffrey & Jan McClure	(720) 410-2750	7330 W 52nd Ave	Arvada	CO	80002
Bryan Hendershot, Chad Tinney	(719) 354-2626	1750 E Woodmen Rd	Colorado Springs	CO	80920
Jeffrey & Janet McClure	(720) 214-2000	9851 S Parker Rd	Parker	CO	80134

Franchisee	Phone	Address	City	State/ Province	Zip Code
Edward Kim	(203) 902-5437	360 Dr Martin Luther King Jr Dr	Norwalk	CT	06854
Usman Rao	(203) 880-5577	25 Trefoil Dr	Trumbull	CT	06611
Eric & Alina Carr	(302) 449-1252	211 Executive Dr #3	Newark	DE	19702
Larry Roberts	(352) 404-4134	2510 S Hwy 27	Clermont	FL	34711
Rachel Fabricant, Keith McAdams	(305) 640-5424	10200 SW 186th St	Cutler Bay	FL	33157
Rachel Fabricant, Keith McAdams	(305) 640-5424	5450 NW 82nd Ave	Doral	FL	33166
James Fiore, Christopher Fiore	(727) 900-5867	13000 66th St N	Largo	FL	33773
Han Yu	(352) 304-5050	2400 SW College Rd	Ocala	FL	34471
Bron Launsby Roger Duncan	(954) 417-3999	1834 SW 2nd St	Pompano Beach	FL	33069
Michael Todd, Michele Todd	(321) 265-5867	624 Barnes Blvd	Rockledge	FL	32955
Paul Orsino	(941) 363-6359	6180 Edgelake Drive	Sarasota	FL	34240
Husein Khimani	(678) 324-9590	3520 Gravel Springs Rd	Buford	GA	30519
Kim Betts, Reginald Walker, Vincent Minor, Charles Newsome Joshua Rathweg	(706) 762-507-9559 253-3854	3716 Gention Blvd	Columbus	GA	31907
Yong Jung, Han Yu	(478) 239-2900	245 Tom Hill Sr Blvd Suite 100B	Macon	GA	31210
Noorali Smani	(770) 914-9444	165 Mill Rd	McDonough	GA	30253
Jeff Cole	(678) 745-9900	1425 Market Blvd Ste 100-A	Roswell	GA	30076
Jeff Palmer, Cody Palmer	(319) 382-2222	5515 Council St NE	Cedar Rapids	IA	52402
John Sawhill	(515) 986-2524	1300 SE Gateway Dr Suite 103	Grimes	IA	50111
Mark & Barbara Glazer Faraz Syed	(331) 207-4759	87 Executive Dr	Aurora	IL	60504
Thomas Williamson	(630) 478-8339	325 W Lake St Ste A	Elmhurst	IL	60126
Bron Launsby Roger Duncan	(618) 589-1111	10850 Lincoln Trail	Fairview Heights	IL	62208
Mark & Barbara Glazer Faraz Syed	(815) 314-4890	2318 Essington Rd	Joliet	IL	60435
Ram Talluri, Patrick Rexroad	(309) 585-2274	300 McKnight St	Normal	IL	61761
Ram Talluri, Patrick Rexroad	(217) 331-6600	3454 Liberty Dr	Springfield	IL	62704
Craig Love	(812) 730-4759	49 N Green River Rd	Evansville	IN	47715
Gary & Joanna Kingery	(317) 759-9925	4150 Kildeer Dr	Indy SouthIndianapolis	IN	46237
Gary Kingery	(317) 268-3200	851 Columbia Rd Ste 172	Plainfield	IN	46168
Justin Tauber, Kyle Ropac, Dennis Caudill	(219) 227-3777	1035 Eagle Ridge Dr	Schererville	IN	46375
John Sawhill	(913) 213-5900	6495 Quivira Rd	Shawnee	KS	66216
L Dee Murdock	(785) 337-8400	1801 SW Wanamaker Rd Ste B20	Topeka	KS	66604
Chad Pannunzio, Michael Bonfini	(859) 629-4455	3644 Boston Rd #130	Lexington	KY	40514
Jiya Patel, Vimalkumar Patel	(501) 546-7744	4200 Outer Loop	Louisville	KY	40219

Franchisee	Phone	Address	City	State/ Province	Zip Code
Chris and Kim Fudge	<u>(337) 417-8000</u>	3814 Ambassador Caffery Pkwy	Lafayette	LA	70503
Elizabeth Burgess	(978) 252-3000	Liberty Tree Mall, 100 Independence Way	Danvers	MA	01923
Elizabeth Burgess	(617) 387-1000	69 Norman Street	Everett	MA	02149
Elizabeth Burgess	(781) 514-7595	101 Kingston Collection Way	Kingston	MA	02364
Paul Facchina	<u>(301) 683-7997</u>	1300 Crain Hwy	Bowie	MD	20716
<u>Vinod Patel</u>	<u>(301) 420-5867</u>	<u>12114 Insurance Way</u>	<u>Hagerstown</u>	<u>MD</u>	<u>21740</u>
Craig Hansen, Vinod Patel, Roger Duncan, Ryan Williams	<u>(410) 874-5050</u>	8645 Pulaski Hwy	East Baltimore /Rosedale	MD	21237
Vinod Patel	(301) 420-5867	12114 Insurance Way	Hagerstown	MD	21740
Craig Hansen, Vinod Patel, Ryan Williams	<u>(410) 842-1661</u>	23 W Aylesbury Rd	Timonium	MD	21093
Paul Facchina	(301) 861-2600	4390 Crain Hwy	Waldorf <u>White Plains</u>	MD	20695
Bron Launsby <u>Roger Duncan</u>	(734) 981-0007	42550 <u>425500</u> Executive Dr	Canton	MI	48188
Bron Launsby	(616) 214-4221	3636 29th St SE	Kentwood	MI	49512
Bron Launsby <u>Roger Duncan</u>	(586) 930-0600	50810 Sabrina Dr	Shelby Township	MI	48315
<u>Roger Duncan</u>	<u>(616) 214-4221</u>	<u>3636 29th St. E.</u>	<u>Kentwood</u>	<u>MI</u>	<u>49512</u>
<u>Craig Love</u>	<u>(228) 207-8969</u>	<u>2600 Beach Blvd. Unit 18</u>	<u>Biloxi</u>	<u>MS</u>	<u>39531</u>
<u>Ryan & Rebecca Przysucha</u>	<u>(601) 899-0015</u>	<u>2000 County Line Rd Suite B</u>	<u>Ridgeland</u>	<u>MS</u>	<u>39157</u>
Aaron Jurgensmeyer, Charles Jurgensmeyer	<u>(573) 309-9600</u>	1201 American Pkwy	Columbia	MO	65202
Bron Launsby <u>Roger Duncan</u>	<u>(636) 364-4444</u>	631 Gravois Rd	Fenton	MO	63026
John Sawhill	<u>(816) 457-0068</u>	2801 NE McBaine Dr	Lee's Summit	MO	64064
Ryan & Rebecca Przysucha	(601) 899-0015	2000 County Line Rd Suite B	Ridgeland	MS	39157
Pralhad & Reopal Khatri	(919) 425-0800	1720 Guess Rd Ste 90	Durham	NC	27701
Krystal Polite	(617) 224-8402	872 Abernathy Trail	Burlington	NC	27215
Jerry and Erica Carpenter	(336) 550-1800	1572 A, Highwoods Blvd	Greensboro	NC	27410
Brian Spicker, Alden Milam	(704) 709-9050	7325 Smith Corners Blvd	North Charlotte	NC	28269
Brian Spicker, Alden Milam	(704) 208-4040	10200 Centrum Pkwy	Pineville	NC	28134
Alan & Gina Wilson	(919) 948-4450	2101 Westinghouse Blvd Suite 111	Raleigh	NC	27604
Drazen Samardzie, Dustin Maier	(701) 354-9099	5003 Ottawa St	Bismarek	ND	58503
John Sawhill	(701) 478-8484	940 40th St S	Fargo	ND	58103
Benjamin & Tracy Babcock	<u>(402) 401-7600</u>	4215 S 133rd St	Omaha	NE	68137
<u>Mohammed Zia</u>	<u>(702) 966-4080</u>	<u>7440 Dean Martin Dr, Ste 201</u>	<u>Las Vegas</u>	<u>NV</u>	<u>89139</u>
John Sawhill	(603) 413-3533	365 Lincoln St.	Manchester	NH	03103
Michael Janay	<u>(201) 574-1800</u>	80 Commerce Dr	Allendale	NJ	07401
Chirag Patel, Baharat Patel, Vinod Patel <u>Usman Rao</u>	<u>(609) 587-5867</u>	17 Quakerbridge Plaza Unit B	Hamilton	NJ	08619
Abraham Tress	<u>(609) 398-4759</u>	1001 New Hampshire Ave	Lakewood	NJ	08701

Franchisee	Phone	Address	City	State/ Province	Zip Code
David Hustrulid, Andre Gomez, Jack Miller, Dan Vrebalovich	<u>(856) 600-4402</u>	2834 NJ-73	Maple Shade	NJ	08052
Michael Janay	<u>(973) 527-7000</u>	61 International Drive South Unit ANCB	Mt Olive	NJ	07828
Mike Janay	<u>(973) 396-4001</u>	60 Chapin Rd	Pine Brook	NJ	07058
Elliot Field, Gary Field, Dolly Field	<u>(908) 756-5867</u>	600 Hadley Rd	South Plainfield	NJ	07080
Michael Janay	<u>(973) 671-5100</u>	25 US-22	Springfield	NJ	07081
Mohammed Zia Joshua Rathwag	(702) 575-966-4080 <u>300-2651</u>	7440 Dean Martin Dr, Ste 204 <u>805 S. Solano Drive</u>	Las VegasCruces	NVNM	89139 <u>88001</u>
Rusty Saunders	<u>(518) 417-3838</u>	22 Clifton Country Rd Suite 99C	Clifton Park	NY	12065
Rusty Saunders	<u>(518) 836-5867</u>	235 Corinth Rd	Queensbury/ Glen Falls	NY	12804
Steve Merwin, Pam Tuohey	<u>(315) 928-3737</u>	3179 Erie Blvd E	Syracuse	NY	13214
<u>Brian Spicker, Alden Milam</u>	<u>(704) 709-9050</u>	<u>7325 Smith Corners Blvd</u>	<u>Charlotte</u>	<u>NC</u>	<u>28269</u>
<u>Pralhad & Roopal Khatri</u>	<u>(919) 425-0800</u>	<u>1720 Guess Rd Ste 90</u>	<u>Durham</u>	<u>NC</u>	<u>27701</u>
<u>Jerry & Erica Carpenter</u>	<u>(336) 550-1800</u>	<u>1572-A, Highwoods Blvd</u>	<u>Greensboro</u>	<u>NC</u>	<u>27410</u>
<u>Brian Spicker, Alden Milam</u>	<u>(704) 208-4040</u>	<u>10200 Centrum Pkwy</u>	<u>Pineville</u>	<u>NC</u>	<u>28134</u>
<u>Alan & Gina Wilson</u>	<u>(919) 948-4450</u>	<u>2101 Westinghouse Blvd Suite 111</u>	<u>Raleigh</u>	<u>NC</u>	<u>27604</u>
<u>Drazen Samardzic, Dustin Maier</u>	<u>(701) 354-9099</u>	<u>5003 Ottawa St</u>	<u>Bismarck</u>	<u>ND</u>	<u>58503</u>
<u>John Sawhill</u>	<u>(701) 478-8484</u>	<u>940 40th St S</u>	<u>Fargo</u>	<u>ND</u>	<u>58103</u>
Charles Hallis	<u>(234) 249-3030</u>	6217 Chittenden Rd	Boston Heights	OH	44236
Chas Hallis	<u>(330) 538-8300</u>	4381 Whipple Ave NW	Canton	OH	44718
Joel Karg	<u>(937) 396-6600</u>	976 Senate Dr	Dayton	OH	45459
Cyrus Kharche	<u>(440) 467-5867</u>	750 Alpha Dr	Highland Heights	OH	44143
<u>Imed Jmiai</u>	<u>(419) 549-5818</u>	<u>1730 N. Union St</u>	<u>Lima</u>	<u>OH</u>	<u>45801</u>
<u>Cyrus Kharche</u>	<u>(513) 342-0872</u>	<u>11745 Commons Dr.</u>	<u>Springdale</u>	<u>OH</u>	<u>45246</u>
Cyrus Kharche	<u>(440) 467-5867</u>	31500 Viking Pkwy	Westlake	OH	44145
Cyrus Kharche	(440) 467-5867	789 Northwest Blvd Apt C	Columbus	OH	43212
Bryan Hendershot, Andy Gray, Larry Haskett,	<u>(405) 359-1631</u>	2525 S Broadway	Edmond	OK	73013
Bryan Hendershot	<u>(918) 877-7700</u>	8306 E 61st St	Tulsa	OK	74133
<u>Sarah Spronehle</u>	<u>(503) 616-3986</u>	<u>2990 NE Hogan Dr</u>	<u>Gresham</u>	<u>OR</u>	<u>97030</u>
Roger Duncan	<u>(610) 759-9663</u>	2285 Schoenersville Rd	Bethlehem/ Allentown	PA	18017
Joel Karg, David Beckett	<u>(724) 251-6100</u>	281 Georgetown Rd	Canonsburg	PA	15317
Richard Ferns, Philip Stoops	<u>(215) 642-8777</u>	145 Liberty Ln	Chalfont	PA	18914
Richard Ferns, Philip Stoops	<u>(484) 418-1500</u>	10 Conchester Rd	Glen Mills	PA	19342
Vinod Patel	<u>(717) 208-8922</u>	1701 Hempstead Rd #102	Lancaster	PA	17601

Franchisee	Phone	Address	City	State/ Province	Zip Code
Craig Hansen, Vinod Patel, Ryan Williams	<u>(717) 208-8908</u>	95 Gateway Dr	Mechanicsburg	PA	17050
Joel Karg, David Beckett	<u>(412) 810-0200</u>	160 Levin Way	Monroeville	PA	15146
Michael Todd	<u>(215) 516-5867</u>	9490 Blue Grass Rd	Philadelphia	PA	19114
Mike Crounse, Jeff Bowne	<u>(570) 316-0500</u>	195 Enterprise Way	Pittston/ Seranton	PA	18640
Elizabeth Burgess	(401) 383-6000	70 Pawtucket Ave	Providence	RI	02916
Alan & Gina Wilson	<u>(864) 558-2400</u>	2465 Laurens Rd	Greenville	SC	29607
Brad Sullivan, Dennis Sullivan	<u>(843) 588-5777</u>	411 Wando Park Blvd	Mt. Pleasant	SC	29464
Steve Mays	<u>(843) 242-3264</u>	2200 N Oak St	Myrtle Beach	SC	29577
Reynaldo Gonzales	<u>(605) 553-9910</u>	5129 S Solberg Ave	Sioux Falls	SD	57108
Bron Launsby Tommy Ray Carter, II	<u>(731) 868-4418</u>	65 E Park Square	Jackson	TN	38305
Bron Launsby Roger Duncan	<u>(615) 987-0102</u>	1220 NW Broad Street	Murfreesboro	TN	37129
Bryan Hendershot	(469) 499-3100	3823 Irving Mall	Irving	TX	75062
Joshua Rathweg	<u>(858) 779-2377</u>	1691 N Zaragoza Rd	El Paso- East	TX	79936
Joshua Rathweg	<u>(858) 779-2377</u>	4585 Ripley Dr Building #5	El Paso- West	TX	79922
<u>Bryan Hendershot</u>	<u>(469) 499-3100</u>	<u>3823 Irving Mall</u>	<u>Irving</u>	<u>TX</u>	<u>75062</u>
Adebara Lawrence, Taiwo John, Omotola Montoni, Omolulu Fatukasi, Omobolaji Omotayo	<u>(844) 567-6088</u>	2055 Executive Dr	Hampton	VA	23666
Luke Phillips, Terry Phillips, William Phillips	<u>(804) 379-2500</u>	1345 Carmia Way	Richmond	VA	23235
<u>Sheila & Blaine Nease</u>	<u>(304) 833-9663</u>	<u>500 Southridge Blvd</u>	<u>Charleston</u>	<u>WV</u>	<u>25309</u>
Mark & Barbara Glazer	<u>(414) 409-8150</u>	4940 S 76th St	Greenfield	WI	53220
Bron Launsby Roger Duncan	<u>(608) 856-5867</u>	2134 W Beltline Hwy	Madison	WI	53713
Bron Launsby Roger Duncan	<u>(262) 696-1600</u>	W229 N, 1420 Westwood Dr	Waukesha	WI	53186
Sheila & Blaine Nease	(304) 833-9663	500 Southridge Blvd	Charleston	WV	25309

LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN ~~2022~~2023

(as of ~~December 31, 2022~~February 29, 2024)

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

LIST OF TRANSFERS

Franchisee	Phone	City	State/ Province	Zip Code
Alpa Panchal <u>Ryan Senters</u>	770-766-9698 <u>(623) 362-8404</u>	McDonough <u>Lavee</u>	GA <u>AZ</u>	30253 <u>85041</u>
Jay Highley <u>David Ruiz</u>	(813) 760-833-1740 <u>578-8177</u>	Shawnee <u>Covina</u>	KS <u>CA</u>	66216 <u>91722</u>
Aaron Tucker <u>Steven Rodier</u>	NA	Lafayette <u>Trumbull</u>	LA <u>CT</u>	70503 <u>06611</u>
Jay Highley <u>Bron Launsby</u>	(813) 901-833-1740 <u>590-6325</u>	Lees Summit <u>Ft. Lauderdale (Pompano Beach)</u>	MO <u>FL</u>	64064 <u>33069</u>
David McNulty, Ron Baughman <u>Mark and Barbara Glazer</u>	NA	Greensboro <u>Aurora</u>	NC <u>IL</u>	27410 <u>60504</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Fairview Heights</u>	<u>IL</u>	<u>62208</u>
<u>Mark and Barbara Glazer</u>	<u>NA</u>	<u>Joilet</u>	<u>IL</u>	<u>60435</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Canton</u>	<u>MI</u>	<u>48188</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Kentwood</u>	<u>MI</u>	<u>49512</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Shelby Township</u>	<u>MI</u>	<u>48315</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Fenton</u>	<u>MO</u>	<u>63026</u>
<u>Chirog Patel</u>	<u>(302) 229-6795</u>	<u>Hamilton</u>	<u>NJ</u>	<u>08052</u>
<u>David Hustrulid</u>	<u>(952) 567-4450</u>	<u>Maple Shade</u>	<u>NJ</u>	<u>08619</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Murfreesboro</u>	<u>TN</u>	<u>37129</u>
Bruce Karevold <u>Mark Dand</u> Bryant <u>Barbara Glazer</u>	NA	Fargo <u>Greenfield</u>	ND <u>WI</u>	58103 <u>53220</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Madison</u>	<u>WI</u>	<u>53713</u>
<u>Bron Launsby</u>	<u>(901) 590-6325</u>	<u>Milwaukee</u>	<u>WI</u>	<u>53186</u>

LIST OF TERMINATIONS, NON-RENEWALS, REACQUIRED BY FRANCHISOR AND CEASED OPERATIONS/OTHER

Franchisee	Phone	City	State/ Province	Zip Code
Preethi Konduru <u>Edward Kim</u>	609-977-8946 <u>NA</u>	Rutherford <u>Bethel</u>	NJ <u>CT</u>	08060 <u>06883</u>
<u>James Fiore</u>	<u>(610) 392-4509</u>	<u>North Tampa</u>	<u>FL</u>	<u>33701</u>
<u>Natalee Pessoa</u>	<u>(386) 453-0211</u>	<u>Douglasville</u>	<u>GA</u>	<u>30337</u>
<u>Noshella Thomas</u>	<u>(314) 262-6462</u>	<u>Saint Ann</u>	<u>MO</u>	<u>63074</u>
<u>Bryan Hendershot</u>	<u>NA</u>	<u>Springfield</u>	<u>MO</u>	<u>65619</u>

Anwar Hossain	(914) 513-9689	Queens	NY	10701
Tommy and Donessa Carter	NA	Memphis	TN	38305
Shawn Singh	(917) 370-5185	Houston SW	TX	77096

The following Franchisees have signed a Franchise Agreement but did not have their Parks open by the end of the most recent fiscal year:

Franchisee	Phone	City	State	Email
Greg Olbrich Mohammed Zia	619-846-8064 (310) 779-5336	Alhambra Pico Riviera	CA	Greg.olbrich@usa.net mo@resultexllc.com
Mohammed Zia Ifan Ahmed	310-779-5336 (714) 612-6223	El Cajon Chino Hills	CA	mo@resultexllc.com lbhaghani75@gmail.com
Divyang Joshi*	(208) 608-8287	Irvine	CA	divyangjoshi@live.com
Divyang Joshi*	(208) 608-8287	Fullerton	CA	divyangjoshi@live.com
Yim Murphy	(415) 202-4868	Sunnyvale	CA	hkvictoria@gmail.com
Usman Rao	(408) 595-5387	Tracy	CA	usman.rao@gmail.com
Keith McAdams Faisal Zia, Farhan Qadri	305-409-8533 (626) 290-9381	Pembroke Pines San Bernardino	FL CA	Keith.meadams@skyzone.com faisalzia75@hotmail.com
Nick and Lisa Nettleton	(720) 635-8924	Castle Rock	CO	nick@nicholascustomhomes.com
Ayesha Afzal	(408) 890-0874	Hartford	CT	ayafzal@gmail.com
Deidea Walker Quartermen Keith McAdams	912-604-5538 (305) 409-8533	Pembroke Brunswick Pines	GA FL	Deidra_walker@msn.com Keith.mcadams@skyzone.com
Natalee Pessoa David and William Milby	386-453-0211 (478) 954-0642	Douglasville Warner Robins	GA	natspesso@gmail.com david.mercylink@gmail.com
Srini Kusam	224-235-2694 (224) 235-2694	Arlington Heights Schaumburg	IL	Srini.vanukuri@gmail.com
Steve Shaqra	815-440-9285 (815) 440-9285	Willowbrook	IL	Steve2225@hotmail.com
Sarah Lotchfield	260-251-4674 (260) 251-4674	Muncie	IN	Sarah.loch@outlook.com
Vimal Patel Adebara Lawrence	478-772-0388 (301) 728-0977	Louisville Gambriels	KY MD	Vimal1717@gmail.com Adebara.lawrence@skyzone.com
Abi and Victor Akinwale	(202) 904-3016	Sykesville	MD	abiakinwale@gmail.com
Krystal Polite	(617-224-8402)	Burlington	NC	krystal@politeproperties.com
Arpan Shah & Amit Bhutani*	773-368-7193 (773) 368-7193	Bergen	NJ	amitbhutani@gmail.com
Arpan Shah & Amit Bhutani*	773-368-7193 (773) 368-7193	Rutherford	NJ	amitbhutani@gmail.com

Alejandro Gonzalez <u>Dalton</u> and Katherine Paspuel	702-417-2472 <u>(385) 375-4306</u>	Henderson <u>Saratoga Springs</u>	NV <u>UT</u>	alex121186200925@gmail.co m <u>dalton@pfstaffingservices.com</u>
Anwar Hossein <u>Adebara</u> <u>Lawrence*</u>	914-513-9689 <u>(301) 728-0977</u>	Queens <u>Arlington</u>	NY <u>VA</u>	Anwar1962@verizon.net <u>Adebara.la</u> <u>wrence@skyzone.com</u>
<u>Adebara Lawrence*</u>	<u>(301) 728-0977</u>	<u>Alexandria</u>	<u>VA</u>	<u>Adebara.lawrence@skyzone.com</u>
<u>Adebara Lawrence</u>	<u>(301) 728-0977</u>	<u>Virginia Beach</u>	<u>VA</u>	<u>Adebara.lawrence@skyzone.com</u>

*Part of a MUDA

EXHIBIT F TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

Sky Zone Franchise Group, LLC

**Consolidated Financial Statements
December 31, 2023, 2022 and 2021**

Sky Zone Franchise Group, LLC

Master Index

December 31, 2023, 2022 and 2021

Report of Independent Auditors

Section

Consolidated Financial Statements As of and for the years ended December 31, 2023 and 2022	I
Consolidated Financial Statements As of and for the years ended December 31, 2022 and 2021	II



Report of Independent Auditors

To the Management of Sky Zone Franchise Group, LLC

Opinion

We have audited the accompanying consolidated financial statements of Sky Zone Franchise Group, LLC and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2023, 2022 and 2021, and the related consolidated statements of income, of member’s equity and of cash flows for the years then ended, including the related notes (collectively referred to as 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, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated 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 audit. 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 Consolidated 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 for one year after the date the consolidated financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Consolidated 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 auditors’ 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 US 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 US 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.

PricewaterhouseCoopers LLP

Salt Lake City, UT
April 05, 2024

I

Sky Zone Franchise Group, LLC
Consolidated Financial Statements
December 31, 2023 and 2022

Sky Zone Franchise Group, LLC

Index

December 31, 2023 and 2022

Page(s)

Consolidated Financial Statements

Consolidated Balance Sheets	1
Consolidated Statements of Income	2
Consolidated Statements of Member's Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5–11

Sky Zone Franchise Group, LLC
Consolidated Balance Sheets
December 31, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash	\$ 226,100	\$ 5,700,500
Accounts receivable, net	2,546,600	1,462,000
Related party receivable	67,514,600	46,326,800
Inventories	46,400	53,500
Prepaid expenses	-	25,000
Deferred initial franchise costs - current	55,000	68,000
Other receivables	165,500	121,000
Deposits	44,200	44,200
Total Current Assets	70,598,400	53,801,000
Property, equipment, and software, net	68,300	91,000
Right of use asset	121,800	605,600
Deferred initial franchise costs - long-term	357,400	412,400
Total Assets	<u>\$ 71,145,900</u>	<u>\$ 54,910,000</u>
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	\$ 16,400	\$ 49,200
Accrued expenses	886,500	502,600
Loss fund claims reserve - current	2,705,400	724,300
Deferred revenues	1,320,100	908,400
Operating lease liabilities - current	135,200	525,700
Deferred franchise fees - current	369,900	516,300
Total Current Liabilities	5,433,500	3,226,500
Long-Term Liabilities		
Loss fund claims reserve - long-term	3,850,200	5,263,400
Deferred franchise fees - long-term	4,022,200	3,709,400
Operating lease liabilities, long-term	-	132,500
Total Liabilities	13,305,900	12,331,800
Member's Equity	57,840,000	42,578,200
Total Liabilities and Member's Equity	<u>\$ 71,145,900</u>	<u>\$ 54,910,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC
Consolidated Statements of Income
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Royalty fees	\$ 16,808,300	\$ 17,050,100
Merchandise sales	2,858,100	2,345,600
Franchise fees	<u>854,500</u>	<u>995,700</u>
Total revenues	<u>20,520,900</u>	<u>20,391,400</u>
Costs relating to Revenues		
Merchandise cost of sales	<u>114,000</u>	<u>222,600</u>
Total costs relating to revenues	<u>114,000</u>	<u>222,600</u>
Selling, General and Administrative Expenses		
Personnel - selling, general, and administrative	3,320,900	3,474,400
Travel and entertainment	530,100	297,600
Other legal and professional services	340,100	906,100
Building and information technology	482,200	538,400
Insurance	18,600	13,400
Advertising	33,000	277,300
Outside services	-	6,600
Office	3,300	8,500
Research and development	-	6,600
Depreciation	18,200	67,600
Other general and administrative expenses	<u>357,300</u>	<u>100,900</u>
Total selling, general, and administrative expenses	<u>5,103,700</u>	<u>5,697,400</u>
Operating income	<u>15,303,200</u>	<u>14,471,400</u>
Other Income (Expense)		
Other Income (loss)	12,200	(3,500)
Franchise tax	<u>(53,600)</u>	<u>(65,800)</u>
Total Other Income (Expense)	<u>(41,400)</u>	<u>(69,300)</u>
Net income	<u>\$ 15,261,800</u>	<u>\$ 14,402,100</u>

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC
Consolidated Statements of Member's Equity
Years Ended December 31, 2023 and 2022

Member's equity, December 31, 2021	\$	28,176,100
Net income		14,402,100
Member's equity, December 31, 2022	\$	42,578,200
Net income		15,261,800
Member's equity, December 31, 2023	\$	<u>57,840,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Operating activities:		
Net income	\$ 15,261,800	\$ 14,402,100
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	18,200	67,600
Amortization of right of use asset	483,800	478,800
Gain on sale of property, equipment and software, net	(7,400)	-
Provision for accounts receivable losses	(55,800)	(843,100)
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,028,800)	707,700
Related party receivable	(21,187,800)	(14,672,300)
Inventories	7,100	35,500
Prepaid expenses	25,000	(3,600)
Deferred initial franchise costs	68,000	26,700
Other receivables	(44,500)	127,500
Deposits	-	(44,200)
Accounts payable	(32,800)	16,000
Accrued expenses	383,900	(369,600)
Loss fund claims reserve	567,900	2,677,700
Deferred revenues	411,700	279,400
Operating lease liabilities	(523,000)	(502,600)
Deferred franchise fees	166,400	160,500
Net cash (used in) provided by operating activities	(5,486,300)	2,544,100
Investing activities:		
Sale of property, equipment, and software	11,900	-
Net cash provided by investing activities	11,900	-
Decrease in cash	(5,474,400)	2,544,100
Cash, beginning of year	5,700,500	3,156,400
Cash, end of year	\$ 226,100	\$ 5,700,500
Supplemental disclosure of cash flow information		
Cash paid for income taxes	52,400	65,800

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

1. Company Background and Description of Business

Sky Zone Franchise Group, LLC (the “Company”), a Missouri limited liability company, was formed on November 18, 2008. The Company began operations on January 1, 2009. The Company licenses and sells franchises on behalf of its affiliate, Sky Zone, LLC (“SZLLC”), which owns the patent for the world’s first interlocking all trampoline-walled playing fields (“Recreation Centers”).

On December 27, 2017, the Company was acquired by CircusTrix Holdings, LLC (the “Acquisition”), a Delaware limited liability company (“Parent” or “New Member”), and SZFG Merger Sub, LLC, an indirect-wholly-owned subsidiary of Parent (“Merger Sub”). Merger Sub was merged with and into the Company, with the Company surviving as an indirect wholly-owned subsidiary of the Parent.

At December 31, 2023 and 2022, there were 134 and 137 franchisee-owned Recreation Centers in operation, respectively. During the years ended December 31, 2023 and 2022, there were 7 and 5 franchisee-owned Recreation Centers opened as well as 10 and 10 franchisee-owned Recreation Centers closed, respectively. During the years ended December 31, 2023 and 2022, 4 and 6 franchisee-owned Recreation Centers were acquired by CircusTrix Holdings, LLC, respectively. No owned locations were converted to a franchise during the year ended December 31, 2023.

Recreational Centers	Franchised
At December 31, 2022	137
Franchise recreational centers converted to Owned	(4)
Franchised recreational centers opened	7
Franchise recreational centers closed	(10)
Recreational centers rebranded	4
At December 31, 2023	<u>134</u>

Note that these consolidated financial statements and notes include not only the results of Sky Zone Franchise Group, LLC, as mentioned above, but are consolidated to include the results of Sky Zone SIR Loss Fund, LLC, a Delaware limited liability company that was formed on April 21, 2020. The Sky Zone SIR Loss Fund provides for a self-insured retention for participating franchisees in a range from \$50,000 to \$250,000 per occurrence with franchisees being responsible to reimburse the fund for the first \$10,000 of any claim. The amount contributed by franchisees and being held by the Sky Zone SIR Loss Fund to pay out against potential injury claims is shown in the “Loss Fund Claims Reserve” lines of the consolidated balance sheets.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) requires the Company to (i) adopt accounting policies within accounting rules set by the Financial Accounting Standards Board (“FASB”), and (ii) make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and other disclosed amounts. The Company believes that the estimates used in the preparation of the consolidated financial statements are

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

reasonable, however, actual results may differ from these estimates as new events occur, additional information is obtained and as the Company's operating environment changes.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to litigation accruals, allowance for doubtful accounts, the determination of useful lives of property and equipment and intangible assets, and the recognition of revenue into deferred revenue.

Subsequent Events

The Company recognizes the effects of events or transactions that occur after the balance sheet date but before financial statements are issued ("subsequent events") if there is evidence that conditions related to the subsequent event existed at the date of the balance sheet, including the impact of such events on management's estimates and assumptions used in preparing the consolidated financial statements. Refer to Note 7 for additional details around subsequent events.

Cash and Cash Equivalents

The Company reflects cash on hand, demand deposits at financial institutions, and deposits in transit that represent a claim to cash as cash and cash equivalents. The Company's cash deposits in the United States are held at institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash held at these institutions may exceed FDIC insurance limits.

Accounts Receivable

Accounts receivable consist of (1) royalty fees; (2) merchandise sales; (3) total cost of risk billings. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company periodically evaluates the collectability of the receivables and establishes an allowance for doubtful accounts when it is probable and estimable there is a loss inherent in the accounts, based on the information available. The Company has an allowance for doubtful accounts of \$138,900 and \$194,700 as of December 31, 2023 and 2022, respectively.

Inventories

Inventory consists of the costs associated with the purchase and freighting of apparel products as well as other merchandise. Inventory is stated at the lower of cost or market, using the average cost method.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization of the fair value adjustments associated with fixed assets. Repairs and maintenance costs are expensed as incurred as repairs and maintenance do not extend the useful life or improve the related assets. The Company capitalizes certain costs incurred in connection with developing or obtaining software. Depreciation and amortization, including amortization of leasehold improvements, are charged to operations using the straight-line method over the assets' estimated useful lives.

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Impairment of Long-Lived Assets

The Company evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis.

Leases

The Company is party to a single lease relating to its office space. The Company determines if a contract is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term begins on the commencement date, which is the date the Company takes possession of the asset, and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Leases are classified as operating or finance leases based on factors such as the lease term, lease payments, and the economic life, fair value and estimated residual value of the asset. Where leases include options to purchase the leased asset at the end of the lease term, this is assessed as a part of the Company's lease classification determination. The Company's office space lease ends in 2024.

Under Accounting Standards Codification ("ASC") 842, the Company recognizes a right-of-use ("ROU") asset and lease liability to account for its leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. ROU assets are based on the lease liability and are increased by prepaid lease payments and decreased by lease incentives received. Lease incentives are amortized through the lease asset as reductions of expense over the lease term. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's ROU assets and lease liabilities.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

As a practical expedient, lease agreements with lease and non-lease components are accounted for as a single lease component for all asset classes. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. The Company elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial and expected renewal term of 12 months or less are not recorded on the consolidated balance sheets; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term. The depreciable life of the ROU assets and leasehold improvements are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

The Company elected to use a risk-free rate based on US treasury information as the discount rate for all leases.

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Franchise Agreements

The Company has two Franchise Programs: Single Unit Franchise program and Development program. With the Single Unit Franchise, the Company receives an initial franchise fee in exchange for granting a nonexclusive right to operate one, and only one, Sky Zone Recreation Center at a specified location. The initial franchise fee for a single Recreation Center is generally paid in a lump sum upon commencement of the franchise agreement. The Development Program requires an executed Multi-Unit Development agreement which assigns a territory which requires the opening and operating of a designated number of Recreation Centers within a specified time period. A lump-sum development fee for the multiple units is paid at the time of commencement of the Multi-Unit Development agreement. A separate franchise agreement is executed for each unit. In addition to the granting an exclusive right to operate a Recreational Center, the fees also include a training program for the operation of the Recreation Center, and intellectual property of the Company for the principal owner and the managers and or assistant managers, support for site selection, architectural plans, interior and exterior design and layout, marketing and sales techniques, and other opening assistance.

Revenue Recognition

The Company's revenues consist of initial franchise fees and administrative fees received from franchisees, royalties based on a percentage of franchisee revenues, and merchandise sales to franchisees. The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for the services or products. The Company excludes from revenue the sales tax it collects on behalf of government authorities. The revenue recognized in the current year that was included within the contract liability balance at the beginning of the year approximates the prior year deferred revenues and deferred franchise fees – current balances. Specifics on how the new revenue guidance provided in Accounting Standards Codification ("ASC") 606 is reflected across our revenue streams are discussed below:

Franchise Fee Revenue

Franchise revenues consist of the initial franchise fee and in some cases an additional administration fee for multi-unit agreements with the amounts specified as part of the franchise agreement entered into between the Company and the franchisee. The Company recognizes franchise and administrative fees as revenue ratably over the term of the park addendum contracts (e.g. from the execution date until the expiration date – typically 10 years).

Royalty Revenue

Continuing royalty fees received from franchisees are recognized in the period of the related franchisee sales.

Merchandise Revenue

Revenues from the sale of merchandise are recognized upon shipment to the franchisees, which is the point when the risk of ownership is transferred. Revenues from discounts, rebate commissions, promotional allowances, and other benefits from vendors are recognized upon shipment to franchisees.

Deferred Initial Franchise Costs

Consistent with revenue recognition relative to initial franchise fees, the Company defers all direct, incremental costs associated with initial franchise fees over the life of the franchise agreement. These costs consist mainly of commissions and international withholding expenses.

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Income Taxes

As the Company is a limited liability company that is treated as a partnership for U.S. federal tax purposes, all taxable income and tax benefits are passed through to the members. Therefore, no liability for U.S. federal or state income taxes is reflected in these consolidated financial statements. However, the Company is subject to franchise taxes.

The Company had no unrecognized tax benefits at December 31, 2023 and 2022. The Company's federal and state income tax returns remain open and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If necessary, the Company recognizes interest and penalties associated with tax matters as part of operating expenses and includes accrued interest and penalties with the related tax liability in the balance sheets. No such amounts are included in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Advertising

Advertising and promotional costs are expensed as they are incurred. Advertising expenses not reimbursed by the Company's unconsolidated advertising fund for the years ended December 31, 2023 and 2022 were \$33,000 and \$277,300, respectively.

Recently Adopted and Issued Accounting Standards

On January 1, 2022, the Company adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," using the modified retrospective approach. This pronouncement requires lessees to recognize a lease liability and a right-of-use asset for each lease with a term longer than twelve months and adds new presentation and disclosure requirements for both lessees and lessors. The recognized liability is measured at the present value of lease payments not yet paid, and the corresponding asset represents the lessee's right to use the underlying asset over the lease term and is based on the liability, subject to certain adjustments. For income statement and statement of cash flow purposes, the standard retains the dual model with leases classified as either operating or finance leases. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern.

The Company elected the package of practical expedients permitted under the transition guidance in ASC 842 and did not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company elected the hindsight practical expedient, which permits the use of hindsight when determining lease term and impairment of operating lease assets.

The adoption of the new lease standard resulted in the recognition of operating lease ROU assets and lease liabilities for lease arrangements with an initial term greater than twelve months. The adoption of ASU 842 had a material impact on the Company's consolidated statements of income and consolidated statements of cash flows. The impact on the consolidated balance sheets as of adoption date is shown in Note 4.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which changes the impairment model for most financial assets. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

framework utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods, which generally require that a loss be incurred before it is recognized.

On January 1, 2023, the Company adopted the guidance using a modified retrospective approach with a cumulative adjustment to Member's Equity. The Company has not restated comparative information for 2022 and, therefore, the comparative information for 2022 is reported under previous guidance and is not comparable to the information presented for 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

3. Property, Equipment, and Software

Property, equipment, and software are summarized by major classifications as of December 31, 2023 and 2022, as follows:

	Useful Life	2023	2022
Furniture and equipment	1 – 7 years	\$ -	\$ 201,300
Computers & software	3 years	1,090,200	1,090,300
Leasehold improvements	Lesser of ten years or lease life	155,900	155,900
Construction In Progress		-	5,200
		<u>\$ 1,246,100</u>	<u>\$1,452,700</u>
Less: Accumulated depreciation		<u>1,177,800</u>	<u>1,361,700</u>
		<u>\$ 68,300</u>	<u>\$ 91,000</u>

Depreciation expense totaled \$18,200 and \$67,600 for the years ended December 31, 2023 and 2022, respectively.

4. Leases

The Company has one lease arrangement for office space that expires in 2024. The right of use asset and lease liability associated with this lease is separately stated on the face of the Company's balance sheets. The lease asset and liability were calculated utilizing the risk-free discount rate of 0.97% according to the Company's elected policy. The Company's operating lease expense for the year ended December 31, 2023 was \$526,600 and is recorded in the “Building and information technology” line of the Company's consolidated statements of income. Short-term lease costs were not significant. Variable lease costs for the year ended December 31, 2023 were 8,700.

Future minimum annual rentals, including reasonably assured options, required under leases that had terms greater than one year are as follows:

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Year ended December 31,	
2024	132,600
Total lease payments	132,600
Less: imputed interest	2,600
Present value of lease liabilities	\$ 135,200

In adopting ASU 2016-02, the Company elected to use the modified retrospective approach. No cumulative-effect adjustment to retained earnings in the period of adoption was required; however, a remeasurement of lease assets and lease options was required. A summary of adjustment to the January 1, 2022 consolidated balance sheets upon adoption is shown below:

	December 31, 2021	ASU 2016-02 Adjustments	January 1, 2022
Operating lease right-of-use assets	\$ -	\$ 1,084,400	\$ 1,084,400
Deferred rent - current	23,800	(23,800)	-
Deferred rent - long-term	52,600	(52,600)	-
Operating lease liabilities, current	-	\$ 526,500	\$ 526,500
Operating lease liabilities, long-term	-	\$ 634,400	\$ 634,400

5. Related Party Transactions

The Company maintains and manages an advertising fund that has not been consolidated in these financial statements. This related party fund receives advertising fees from the franchisees for use in advertising spending to promote the Sky Zone brand. As of December 31, 2023 the Company owes the advertising fund \$102,000. As of December 31, 2022 the advertising fund owed the Company in the amount of \$136,500.

The Company's sole member, CircusTriX Holdings, LLC, has paid certain costs on behalf of the Company. Additionally, cash proceeds from sales have been sent from the Company to CircusTriX Holdings, LLC. Related party receivables, current net, total \$67,514,600 and \$46,326,800 as of December 31, 2023 and 2022, respectively.

6. Retirement Plan

The Company maintains a 401(k) Savings Plan in which most employees are eligible to participate. Eligible employees may make contributions not to exceed the maximum statutory contribution amounts. The Company may match a percentage of each employee's contributions consistent with the provisions of the plan for which they are eligible. All employee and employer contributions fully vest immediately. The Company contributions to the Plan totaled \$22,300 and \$23,200 for the years ended December 31, 2023 and 2022, respectively, and are included in personnel expenses in the accompanying statements of income.

7. Subsequent Events

The Company reviewed all material events from December 31, 2023 through the date the consolidated financial statements were available to be issued, April 05, 2024. No items were identified that would materially affect the consolidated financial statements or require additional disclosure.

II

Sky Zone Franchise Group, LLC
Consolidated Financial Statements
December 31, 2022 and 2021

Sky Zone Franchise Group, LLC

Index

December 31, 2022 and 2021

Page(s)

Consolidated Financial Statements

Consolidated Balance Sheets	1
Consolidated Statements of Income	2
Consolidated Statements of Member's Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5–12

Sky Zone Franchise Group, LLC
Consolidated Balance Sheets
December 31, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash	\$ 5,700,500	\$ 3,156,400
Accounts receivable, net	1,462,000	1,326,600
Related party receivable	46,326,800	31,654,500
Inventories	53,500	89,000
Prepaid expenses	25,000	21,400
Deferred initial franchise costs - current	68,000	96,500
Other receivables	121,000	248,500
Deposits	44,200	-
Total Current Assets	53,801,000	36,592,900
Property, equipment, and software, net	91,000	158,600
Right of use asset	605,600	-
Deferred initial franchise costs - long-term	412,400	410,600
Total Assets	<u>\$ 54,910,000</u>	<u>\$ 37,162,100</u>
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	\$ 49,200	\$ 33,200
Accrued expenses	502,600	872,200
Loss fund claims reserve - current	724,300	315,700
Deferred revenues	908,400	629,000
Deferred rent - current	-	23,800
Operating lease liabilities - current	525,700	-
Deferred franchise fees - current	516,300	611,900
Total Current Liabilities	3,226,500	2,485,800
Long-Term Liabilities		
Loss fund claims reserve - long-term	5,263,400	2,994,300
Deferred franchise fees - long-term	3,709,400	3,453,300
Deferred rent - long-term	-	52,600
Operating lease liabilities, long-term	132,500	-
Total Liabilities	12,331,800	8,986,000
Member's Equity	42,578,200	28,176,100
Total Liabilities and Member's Equity	<u>\$ 54,910,000</u>	<u>\$ 37,162,100</u>

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC
Consolidated Statements of Income
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues		
Royalty fees	\$ 17,050,100	\$ 14,381,100
Merchandise sales	2,345,600	1,742,400
Franchise fees	995,700	1,393,900
Total revenues	<u>20,391,400</u>	<u>17,517,400</u>
Costs relating to Revenues		
Merchandise cost of sales	<u>222,600</u>	<u>314,600</u>
Total costs relating to revenues	<u>222,600</u>	<u>314,600</u>
Selling, General and Administrative Expenses		
Personnel - selling, general, and administrative	3,474,400	4,468,800
Travel and entertainment	297,600	641,100
Other legal and professional services	906,100	798,200
Building and information technology	538,400	607,000
Insurance	13,400	61,700
Advertising	277,300	80,800
Outside services	6,600	-
Office	8,500	25,800
Research and development	6,600	1,600
Depreciation	67,600	315,300
Other general and administrative expenses	<u>100,900</u>	<u>309,600</u>
Total selling, general, and administrative expenses	<u>5,697,400</u>	<u>7,309,900</u>
Operating income	<u>14,471,400</u>	<u>9,892,900</u>
Other Expense		
Other loss	(3,500)	(2,700)
Franchise tax	<u>(65,800)</u>	<u>(2,200)</u>
Total Other Expense	<u>(69,300)</u>	<u>(4,900)</u>
Net income	<u><u>\$ 14,402,100</u></u>	<u><u>\$ 9,888,000</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC
Consolidated Statements of Member's Equity
Years Ended December 31, 2022 and 2021

Member's equity, December 31, 2020	\$ 18,288,100
Net income	9,888,000
Member's equity, December 31, 2021	\$ 28,176,100
Net income	14,402,100
Member's equity, December 31, 2022	\$ 42,578,200

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC

Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Operating activities:		
Net income	\$ 14,402,100	\$ 9,888,000
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	67,600	315,300
Amortization of right of use asset	478,800	-
Provision for accounts receivable losses	(843,100)	(57,300)
Changes in operating assets and liabilities:		
Accounts receivable, net	707,700	(577,100)
Related party receivable	(14,672,300)	(7,609,200)
Inventories	35,500	132,600
Prepaid expenses	(3,600)	4,100
Deferred initial franchise costs	26,700	124,500
Other receivables	127,500	(190,500)
Deposits	(44,200)	12,900
Accounts payable	16,000	(467,700)
Accrued expenses	(369,600)	(675,900)
Loss fund claims reserve	2,677,700	2,591,100
Deferred revenues	279,400	(923,800)
Operating lease liabilities, current	(800)	-
Deferred rent	-	(224,000)
Deferred franchise fees	160,500	249,400
Operating lease liabilities, long-term	(501,800)	-
Other long-term liabilities	-	(66,000)
Net cash provided by operating activities	<u>2,544,100</u>	<u>2,526,400</u>
Investing activities:		
Purchases of property, equipment, and software	<u>-</u>	<u>(5,200)</u>
Net cash used in investing activities	<u>-</u>	<u>(5,200)</u>
Increase in cash	2,544,100	2,521,200
Cash, beginning of year	<u>3,156,400</u>	<u>635,200</u>
Cash, end of year	<u>\$ 5,700,500</u>	<u>\$ 3,156,400</u>
Supplemental disclosure of cash flow information		
Cash paid for income taxes	65,800	53,800

The accompanying notes are an integral part of these consolidated financial statements.

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. Company Background and Description of Business

Sky Zone Franchise Group, LLC (the “Company”), a Missouri limited liability company, was formed on November 18, 2008. The Company began operations on January 1, 2009. The Company licenses and sells franchises on behalf of its affiliate, Sky Zone, LLC (“SZLLC”), which owns the patent for the world’s first interlocking all trampoline-walled playing fields (“Recreation Centers”).

On December 27, 2017, the Company was acquired by CircusTrix Holdings, LLC (the “Acquisition”), a Delaware limited liability company (“Parent” or “New Member”), and SZFG Merger Sub, LLC, an indirect-wholly-owned subsidiary of Parent (“Merger Sub”). Merger Sub was merged with and into the Company, with the Company surviving as an indirect wholly-owned subsidiary of the Parent.

At December 31, 2022 and 2021, there were 137 and 147 franchisee-owned Recreation Centers in operation, respectively. During the years ended December 31, 2022 and 2021, there were 5 and 4 franchise-owned Recreation Centers opened as well as 10 and 6 franchise-owned Recreation Centers closed, respectively. During the years ended December 31, 2022 and 2021, 6 and 3 franchise-owned Recreation Centers was acquired by CircusTrix Holdings, LLC, respectively. Note that 1 owned location was converted to a franchise during the year ended December 31, 2022.

Recreational Centers	Franchised	Owned	Total
At December 31, 2021	147	28	175
Franchise recreational centers converted to Owned	(6)	6	-
Franchised recreational centers opened	5	-	5
Franchise recreational centers closed	(10)	(1)	(11)
Owned recreational centers rebranded	-	7	7
Owned recreational centers converted to Franchise	1	(1)	-
At December 31, 2022	<u>137</u>	<u>39</u>	<u>176</u>

Note that these financial statements and notes include not only the results of Sky Zone Franchise Group, LLC, as mentioned above, but are consolidated to include the results of Sky Zone SIR Loss Fund, LLC, a Delaware limited liability company that was formed on April 21, 2020. The Sky Zone SIR Loss Fund provides for a self-insured retention for participating franchisees in a range from \$50,000 to \$250,000 per occurrence with franchisees being responsible to reimburse the fund for the first \$10,000 of any claim. The amount contributed by franchisees and being held by the Sky Zone SIR Loss Fund to pay out against potential injury claims is shown in the “Loss Fund Claims Reserve” lines of the consolidated balance sheets.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) requires the Company to (i) adopt accounting policies within accounting rules set by the Financial Accounting Standards Board (“FASB”), and (ii) make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and other disclosed amounts. The Company believes that the estimates used in the preparation of the consolidated financial statements are reasonable,

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

however, actual results may differ from these estimates as new events occur, additional information is obtained and as the Company's operating environment changes.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to litigation accruals, allowance for doubtful accounts, the determination of useful lives of property and equipment and intangible assets, and the recognition of revenue into deferred revenue.

Subsequent Events

The Company recognizes the effects of events or transactions that occur after the balance sheet date but before financial statements are issued ("subsequent events") if there is evidence that conditions related to the subsequent event existed at the date of the balance sheet, including the impact of such events on management's estimates and assumptions used in preparing the consolidated financial statements. Refer to Note 7 for additional details around subsequent events.

Cash and Cash Equivalents

The Company reflects cash on hand, demand deposits at financial institutions, and deposits in transit that represent a claim to cash as cash and cash equivalents. The Company's cash deposits in the United States are held at institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash held at these institutions may exceed FDIC insurance limits.

Accounts Receivable

Accounts receivable consist of (1) royalty fees; (2) merchandise sales. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company periodically evaluates collectability of the receivables and establishes an allowance for doubtful accounts when it is probable and estimable there is a loss inherent in the accounts, based on the information available. The Company has an allowance for doubtful accounts of \$194,700 and \$1,037,800 as of December 31, 2022 and 2021, respectively.

Inventories

Inventory consists of the costs associated with the purchase and freighting of apparel products as well as other merchandise. Inventory is stated at the lower of cost or market, using the average cost method.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization of the fair value adjustments associated with fixed assets. Repairs and maintenance costs are expensed as incurred as repairs and maintenance do not extend the useful life or improve the related assets. The Company capitalizes certain costs incurred in connection with developing or obtaining software. Depreciation and amortization, including amortization of leasehold improvements, are charged to operations using the straight-line method over the assets' estimated useful lives.

Impairment of Long-Lived Assets

The Company evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis.

Leases

The Company is party to a single lease relating to its office space. The Company determines if a contract is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term begins on the commencement date, which is the date the Company takes possession of the asset, and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Leases are classified as operating or finance leases based on factors such as the lease term, lease payments, and the economic life, fair value and estimated residual value of the asset. Where leases include options to purchase the leased asset at the end of the lease term, this is assessed as a part of the Company's lease classification determination. The Company's office space lease ends in 2024.

Under Accounting Standards Codification ("ASC") 842, the Company recognizes a right-of-use ("ROU") asset and lease liability to account for its leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. ROU assets are based on the lease liability and are increased by prepaid lease payments and decreased by lease incentives received. Lease incentives are amortized through the lease asset as reductions of expense over the lease term. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's ROU assets and lease liabilities.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

As a practical expedient, lease agreements with lease and non-lease components are accounted for as a single lease component for all asset classes. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. The Company elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial and expected renewal term of 12 months or less are not recorded on the consolidated balance sheets; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term. The depreciable life of the ROU assets and leasehold improvements are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

The Company elected to use a risk-free rate based on US treasury information as the discount rate for all leases.

For the period ending December 31, 2021 the Company is applying standards found in ASC 840. The Company categorizes leases at their inception date as either operating or capital leases. The Company has entered into an operating lease for its corporate office location that contain provisions for future rent increases. When there are increases in rent payments over the term of the lease, the Company records monthly rent expense equal to the total of the

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent, which is reflected as a liability in the accompanying consolidated balance sheets.

Franchise Agreements

The Company has two Franchise Programs; Single Unit Franchise program and Development program. With the Single Unit Franchise, the Company receives an initial franchise fee in exchange for granting a nonexclusive right to operate one, and only one, Sky Zone Recreation Center at a specified location. The initial franchise fee for a single Recreation Center is generally paid in a lump sum upon commencement of the franchise agreement. The Development Program requires an executed Multi-Unit Development agreement which assigns a territory which requires the opening and operating of a designated number of Recreation Centers within a specified time period. A lump-sum development fee for the multiple units is paid at the time of commencement of the Multi-Unit Development agreement. A separate franchise agreement is executed for each unit. In addition to the granting an exclusive right to operate a Recreational Center, the fees also include a training program for the operation of the Recreation Center, and intellectual property of the Company for the principal owner and the managers and or assistant managers, support for site selection, architectural plans, interior and exterior design and layout, marketing and sales techniques, and other opening assistance.

Revenue Recognition

The Company's revenues consist of initial franchise fees and administrative fees received from franchisees, royalties based on a percent of franchisee revenues, and merchandise sales to franchisees. The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for the services or products. The Company excludes from revenue the sales tax it collects on behalf of government authorities. The revenue recognized in the current year that was included within the contract liability balance at the beginning of the year approximates the prior year deferred revenues and deferred franchise fees – current balances. Specifics on how the new revenue guidance provided in Accounting Standards Codification ("ASC") 606 is reflected across our revenue streams are discussed below:

Franchise Fee Revenue

Franchise revenues consists of the initial franchise fee and in some cases an additional administration fee for multi-unit agreements with the amounts specified as part of the franchise agreement entered into between the Company and the franchisee. The Company recognizes franchise and administrative fees as revenue ratably over the term of the park addendum contracts (e.g. from the execution date until the expiration date – typically 10 years).

Royalty Revenue

Continuing royalty fees received from franchisees are recognized in the period of the related franchisee sales.

Merchandise Revenue

Revenues from the sale of merchandise are recognized upon shipment to the franchisees, which is the point when the risk of ownership is transferred. Revenues from discounts, rebate commissions, promotional allowances, and other benefits from vendors are recognized upon shipment to franchisees.

Deferred Initial Franchise Costs

Consistent with revenue recognition relative to initial franchise fees, the Company defers all direct, incremental costs associated with initial franchise fees over the life of the franchise

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

agreement. These costs consist mainly of commissions and international withholding expenses.

Income Taxes

As the Company is a limited liability company that is treated as a partnership for U.S. federal tax purposes, all taxable income and tax benefits are passed through to the members. Therefore, no liability for U.S. federal or state income taxes is reflected in these consolidated financial statements. However, the Company is subject to franchise taxes.

The Company had no unrecognized tax benefits at December 31, 2022 and 2021. The Company's federal and state income tax returns remain open and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If necessary, the Company recognizes interest and penalties associated with tax matters as part of operating expenses and includes accrued interest and penalties with the related tax liability in the balance sheets. No such amounts are included in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Advertising

Advertising and promotional costs are expensed as they are incurred. Advertising expenses not reimbursed by the Company's unconsolidated advertising fund for the years ended December 31, 2022 and 2021 were \$277,300 and \$80,800, respectively.

Recently Adopted and Issued Accounting Standards

On January 1, 2022, the Company adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," using the modified retrospective approach. This pronouncement requires lessees to recognize a lease liability and a right-of-use asset for each lease with a term longer than twelve months and adds new presentation and disclosure requirements for both lessees and lessors. The recognized liability is measured at the present value of lease payments not yet paid, and the corresponding asset represents the lessee's right to use the underlying asset over the lease term and is based on the liability, subject to certain adjustments. For income statement and statement of cash flow purposes, the standard retains the dual model with leases classified as either operating or finance leases. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern.

The Company elected the optional transition method to apply the standard as of the effective date. Under this method, the Company has not adjusted its comparative period financial statements for the effects of the new standard or made the new, expanded required disclosures for years prior to the effective date. Therefore, the consolidated statements of income for the year ended December 31, 2022, the consolidated statements of cash flows for the year-ended December 31, 2022, and the consolidated balance sheets as of December 31, 2022 reflect the application of ASC 842 while the consolidated statements of income for the year ended December 31, 2021 and the consolidated balance sheets as of December 31, 2021 were not adjusted and continue to be reported under the accounting guidance, ASC 840, Leases ("ASC 840"), in effect for the prior year.

The Company elected the package of practical expedients permitted under the transition guidance in ASC 842 and did not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company elected the hindsight practical

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

expedient, which permits the use of hindsight when determining lease term and impairment of operating lease assets.

The adoption of the new lease standard resulted in the recognition of operating lease ROU assets and lease liabilities for lease arrangements with an initial term greater than twelve months. The adoption of ASU 842 had a material impact on the Company's consolidated statements of income and consolidated statements of cash flows. The impact on the consolidated balance sheets as of adoption date is shown in Note 4.

It should also be noted that the Company's reporting for the comparative period presented in the year of adoption is in accordance with ASC 840, Leases (Topic 840) ("ASC 840"), including the disclosure requirements of ASC 840.

3. Property, Equipment, and Software

Property, equipment, and software are summarized by major classifications as of December 31, 2022 and 2021, as follows:

	Useful Life	2022	2021
Furniture and equipment	1 – 7 years	\$ 201,300	\$ 201,300
Computers & software	3 years	1,090,300	1,090,300
Leasehold improvements	Lesser of ten years or lease life	155,900	155,900
Construction In Progress		5,200	5,100
		<u>\$ 1,452,700</u>	<u>\$ 1,452,600</u>
Less: Accumulated depreciation		1,361,700	1,294,000
		<u>\$ 91,000</u>	<u>\$ 158,600</u>

Depreciation expense totaled \$67,600 and \$315,300 for the years ended December 31, 2022 and 2021, respectively.

4. Leases

The Company has one lease arrangement for office space that expires in 2024. The right of use asset and lease liability associated with this lease is separately stated on the face of the Company's balance sheets. The lease asset and liability were calculated utilizing the risk-free discount rate of 0.97% according to the Company's elected policy. The Company's operating lease expense for the year ended December 31, 2022 was \$511,300 and is recorded in the "Building and information technology" line of the Company's consolidated statements of income. Short-term lease costs were not significant. Variable lease costs for the year ended December 31, 2022 were 9,800.

Future minimum annual rentals, including reasonably assured options, required under leases that had terms greater than one year are as follows:

Sky Zone Franchise Group, LLC

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

Year ended December 31,	
2023	\$ 526,600
2024	132,600
Total lease payments	659,200
Less: imputed interest	(1,000)
Present value of lease liabilities	<u>\$ 658,200</u>

In adopting ASU 2016-02, the Company elected to use the modified retrospective approach. No cumulative-effect adjustment to retained earnings in the period of adoption was required; however, a remeasurement of lease assets and lease options was required. A summary of adjustment to the January 1, 2022 consolidated balance sheets upon adoption is shown below:

	December 31, 2021	ASU 2016-02 Adjustments	January 1, 2022
Operating lease right-of-use assets	\$ -	\$ 1,084,400	\$ 1,084,400
Deferred rent - current	23,800	(23,800)	\$ -
Deferred rent - long-term	52,600	(52,600)	\$ -
Operating lease liabilities, current	-	\$ 526,500	\$ 526,500
Operating lease liabilities, long-term	-	\$ 634,400	\$ 634,400

The following table represents the future minimum lease payments for operating leases in each of the five years subsequent to December 31, 2021 prior to our adoption of ASC 842:

Years Ending December 31	Total
2022	511,300
2023	526,600
2024	132,600
Total minimum lease payments	<u>\$ 1,170,500</u>

Rent expense, including certain amounts related to the insurance, property taxes, repairs, and maintenance for the Company's lease, for year ended December 31, 2021 was \$487,400.

5. Related Party Transactions

The Company maintains and manages an advertising fund that has not been consolidated in these financial statements. This related party fund receives advertising fees from the franchisees for use in advertising spending to promote the Sky Zone brand. As of December 31, 2022 the Company owes the advertising fund \$136,500. As of December 31, 2021 the advertising fund owed the Company in the amount of \$88,700.

The Company's sole member, CircusTrix Holdings, LLC, has paid certain costs on behalf of the Company. Additionally, cash proceeds from sales have been sent from the Company to CircusTrix Holdings, LLC. Related party receivables, current net, total \$46,326,800 and \$31,654,500 as of December 31, 2022 and 2021, respectively.

6. Retirement Plan

The Company maintains a 401(k) Savings Plan in which most employees are eligible to participate. Eligible employees may make contributions not to exceed the maximum statutory

Sky Zone Franchise Group, LLC
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

contribution amounts. The Company may match a percentage of each employee's contributions consistent with the provisions of the plan for which they are eligible. All employee and employer contributions fully vest immediately. The Company contributions to the Plan totaled \$23,200 and \$60,400 for the years ended December 31, 2022 and 2021, respectively, and are included in personnel expenses in the accompanying statements of income.

7. Subsequent Events

The Company reviewed all material events from December 31, 2022 through the date the consolidated financial statements were available to be issued, April 04, 2023. No items were identified that would materially affect the consolidated financial statements or require additional disclosure.

EXHIBIT G TO THE DISCLOSURE DOCUMENT
LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

**STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Department of Financial
Protection & Innovation
Department of Financial Protection &
Innovation Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

NEW YORK

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department 600
East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail
Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial
Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT H TO THE DISCLOSURE DOCUMENT
FORM OF PURCHASE ORDER



Project Details

- Franchise Partner:
- Contact Email Address:
- Installation Address:
- Projected Start Date:

Projected Completion Date:

Quote Date

Quote valid 15 days

Completion date depends on the general construction schedule and current lead time for materials. General construction delays could result in a change of the court completion date and are not the responsibility of Sky Zone LLC.

Scope of Work

Court	Sqft	Capacity	Serial #	Total
Main				\$0.00 T
Dodgeball #1				\$0.00 T
Dodgeball #2				\$0.00 T
Dodgeball #3				\$0.00 T
Fusion 2-Wall Dodgeball				\$0.00 T
Fusion 3-Wall Dodgeball				\$0.00 T
Fusion 4-Wall Dodgeball				\$0.00 T
Kids Court				\$0.00 T
Kids Pit				\$0.00 T
SkyJoust & SkyLadder				\$0.00 T
SkyJoust				\$0.00 T
SkyLadder				\$0.00 T
SkyLine				\$0.00 T
SkyHoops				\$0.00 T
SkySlam				\$0.00 T
Foam Zone				\$0.00 T
Performance Trampolines & Padding (Performance Wall by contractor)				\$0.00
Double Warped Wall (Includes 12' & 10' walls, railing & rail padding, pole with right side exit to ground level, graphic side & back panels & crash pad. Excludes runway flooring)				\$0.00 T
Triple Warped Wall (Includes 12', 10', & 8' walls, railing & rail padding, pole with right side exit to ground level, graphic side & back panels & crash pad. Excludes runway flooring)				\$0.00 T
Warrior Course				
Junior Warrior Lane				
Element 1- TBD				
Element 2- TBD				
Element 3- TBD				
Warrior Lane				
Element 1- TBD				\$0.00 T
Element 2- TBD				
Element 3- TBD				
Ultimate Warrior Lane				
Element 1- TBD				
Element 2- TBD				
Element 3- TBD				
		Qty	Price	
WC Airbag (21'8" W x 19'10" L x 4' T With 2-Color Print Top Sheet and 2 Blowers)				\$0.00 T
WC Airbag Installation & Training				\$0.00 T
WC Pit Foam (Blend of 40% blue, 40% grey, and 20% glow cubes)				\$0.00 T
WC Pit Foam Liner Sheets (8" Safety foam under Pit Foam)				\$0.00 T
Total	0	0		
Tools & Equipment Rental				\$0.00 T
Labor				\$0.00 T
Overhead & Management				\$0.00 T
Travel				\$0.00 T
Per Diem, Lodging				\$0.00 T
Court Subtotal				
Replacement Parts	QTY	Item Price	Subtotal	
Post 1a			\$0.00	
Post 1c			\$0.00	
Post 3			\$0.00	
Post 16			\$0.00	
Post 17			\$0.00	
Pad Eye Anchor Plate			\$0.00	
Anchor Plate Bracket			\$0.00	
Anchor Plate Strap (4'3")			\$0.00	
Sky Slam Anchor Plate Bracket			\$0.00	
Sky Slam Anchor Plate Strap			\$0.00	
Net Wall Bracket Hardware			\$0.00	
Chain (ft)			\$0.00	
Hammer Lock			\$0.00	
Wedge Anchor (5/8" x 5")			\$0.00	
Wedge Anchor (3/4" x 6"-SkySlam Hoops)			\$0.00	

Carabiner (Silver- 5/16' Spring Hook- Diam-5/16' L.O.-3-1/8' S.O- 3/8')					\$0.00
3/4" x 6" Turnbuckle, Bolts, & Nuts (with pre-drilled spring holes)					\$0.00
1/2" x 6" Turnbuckle					\$0.00
Bolt (5/8"x 2.75"- For SkyHoops Middle Plates)					\$0.00
Bolt (5/8"x 4.5"- For SkyHoops Stabilizers Brackets)					\$0.00
Lock Washer (5/8" - For SkyHoops)					\$0.00
Plain Washer (5/8" - For SkyHoops)					\$0.00
Hex Lock Nut (5/8" - For SkyHoops)					\$0.00
Bolt (5/8" x 5-1/2"- For Top Beams)					\$0.00
Flat Washer (5/8"- For Top Beams)					\$0.00
Lock Nut (5/8"- For Top Beams)					\$0.00
8.375" Springs (Box of 100)					\$0.00
7" Springs (Box of 100)					\$0.00
5.5" Springs (Box of 100)					\$0.00
10.25" GME Performance Trampoline Spring (Box of 100)					\$0.00
7 '0"x14 '0"(84"x168") Performance Trampoline Bed With Velcro Skirt					\$0.00
6 '11"x6 '11"(83"x83") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
6 '11"x8 '11"(83"x107") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
6 '11"x8 '11"(83"x107") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
6 '5"x6 '11"(77"x83") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
6 '5"x7 '5"(77"x89") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
2 '5"x14 '5"(29"x173") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
4 '5"x15 '5"(53"x185") Floor Trampoline Tumble Track Bed With Velcro Skirt & Orange Glow Border					\$0.00
4 '5"x19 '5"(53"x233") Floor Trampoline Tumble Track Bed With Velcro Skirt & Orange Glow Border					\$0.00
4 '5"x23 '11"(53"x287") Floor Trampoline Tumble Track Bed With Velcro Skirt & Orange Glow Border					\$0.00
6 '1"x21 '1"(73"x253") Floor Trampoline Bed With Velcro Skirt & Orange Glow Border					\$0.00
8 '2"x7 '9"(98"x93") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x9 '5"(98"x113") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x11 '4"(98"x136") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x11 '9"(98"x141") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x13 '3"(98"x159") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x14 '5"(98"x173") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x14 '7"(98"x175") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x15 '7"(98"x187") Wall Trampoline Bed With Velcro Skirt					\$0.00
8 '2"x16 '9"(98"x201") Wall Trampoline Bed With Velcro Skirt					\$0.00
9'5" x 7'5" x 3'6" (113" x 89" x 42") Trapezoid Corner Trampoline Bed With Velcro Skirt					\$0.00
8'6" x 20' Netting (#36 x 1-7/8" squares, no rope border)- Extra net for trampoline walls					\$0.00
8"x8"x8" Foam Pit Cubes (pallet of 180)- Grey					\$0.00
8"x8"x8" Foam Pit Cubes (pallet of 180)- Blue					\$0.00
8"x8"x8" Foam Pit Cubes (pallet of 180)- Orange					\$0.00
SkyJoust Bosu Ball					\$0.00
Post Cap					\$0.00
Tie Down Strap (100 yd roll)					\$0.00
Rope (3,000 ft spool)					\$0.00
Replacement Part Total					\$0.00
Plastic Covering On Court Floors After Project Completion (optional)					\$0.00
Advance Trampoline Layout		Layout Start Date	Layout End Date		
		Labor, Tools, & Materials- 2 workers for 3 days (including travel days) to conduct layout			\$0.00
		Travel, Per Diem, Lodging			\$0.00
			ft	Qty	Unit Price
3'4" Perimeter Skirt (All courts except Foam Zone, installed by FP before opening) (optional)					\$0.00
4'10" Perimeter Skirt (Foam Zone, installed by FP before opening) (optional)					\$0.00
Netting Divider Curtain- NDC-SW					\$0.00
Netting Divider Curtain- NDC-SS					\$0.00
Ultimate Volleyball Net- UVN			0		\$0.00
Top Beam for Ultimate Volleyball Net					\$0.00
Netting Wall Brackets & Hardware					\$0.00
7/32" Black Nylon Cord, Kevlar core (1,000 ft spool)					\$0.00
SkyJoust Pupil Stick- 60" (Royal Blue/Silver)					\$0.00
SkyJoust Pupil Stick- Youth Size- 40" (Royal Blue/Black)					\$0.00
Glow Trampoline Borders (Optional)					\$0.00
Right Side Entrance Pad With Support Bracket (for entrance to main and dodgeball courts)				0	\$0.00
Left Side Entrance Pad With Support Bracket (for entrance to main and dodgeball courts)				0	\$0.00
7' Column Pad (for columns in platforms farther than 5' from court surface)				0	\$0.00
13' Column Pad (for columns in platforms within 5' of court surface)				0	\$0.00
Airbag Pit Liner Sheet- 2" x 48" x 108" (2" Safety foam under Airbag)				0	\$0.00
Custom Ceiling Padding- Material					\$0.00
Custom Ceiling Padding- Installation Labor				0	\$0.00
Court Occupancy Information Plate (1 per court)					\$0.00
Shipping (Estimated)					\$0.00
Sales Tax					\$0.00
Engineering (Standard stamped engineer structural calculations & plans provided. Any additional services for non-standard slab condition or jurisdiction approval to be billed as required)					\$0.00
Insurance					\$0.00
Local Permits, Expenses, Additional Fees (Sky Zone, LLC. is not responsible for additional fees, expenses, permits, etc that may be required by local ordinances. They will be billed at cost if incurred.)					\$0.00
Grand Total					\$0.00

➤ 1 st Payment: 50% Due when order is placed	January 15, 1900	\$0.00
➤ 2 nd Payment: 40% Due before shipment of court materials	TBD	\$0.00
➤ 3 rd Payment: 10% Due upon project completion	TBD	\$0.00

Please make checks payable to Sky Zone, LLC., and mail to:
 Sky Zone, LLC.
 Attn: Accounting Department
 1201 W. 5th Street, Suite T-340
 Los Angeles, CA 90017

For Wire Transfers:

1. Please notify Accounting@skyzone.com when you are going to process a wire, so we can apply the funds accordingly.
2. Please make sure that you put the invoice number somewhere so we can identify the deposit.

Direct To: Wire Routing Transit Number (RTN/ABA) 121000248

Bank Name: Wells Fargo Bank, N.A.

Bank Address: 420 Montgomery St. San Francisco, CA 94104

BNF/Field 4200 Beneficiary Account Number: 4942782517

Beneficiary Account Name: Sky Zone, LLC

For International Transfers Only: International SWIFT BIC WFBUS6S

Print Name _____

Signature _____ Date _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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:

State	Effective Date
California	April 4, 2023, as amended March 5 12, 2024 (Exempt)
Hawaii	May 22, 2023, as amended , 2024 [Pending]
Illinois	April 4, 2023, as amended March 5 12, 2024 (Exempt)
Indiana	April 4, 2023, as amended March 5, 2024 [Pending] (Exempt)
Maryland	May 15, 2023, as amended March 5, 2024 [Pending] (Exempt)
Michigan	April 4, 2023, as amended March 5, 2024 [Pending]
Minnesota	April 28, 2023, as amended , 2024 [Pending]
New York	April 4, 2023, as amended March 5 12, 2024 (Exempt)
North Dakota	April 17, 2023, as amended March 5, 2024 [Pending] (Exempt)
Rhode Island	April 24, 2023, as amended March 5, 2024 [Pending] (Exempt)
South Dakota	April 4, 2023, as amended March 5, 2024 [Pending]
Virginia	April 27, 2023, as amended , 2024 [Pending] (Exempt) {Pending}
Washington	April 4, 2023, as amended March 5, 2024 [Pending] (Exempt)
Wisconsin	April 4, 2023, as amended March 7, 2024 [Pending]

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 ~~J~~ TO THE DISCLOSURE DOCUMENT

RECEIPT (Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Sky Zone Franchise Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Sky Zone Franchise Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit G.

The name, principal business address and telephone number of each franchise seller offering the franchise:
☐ Mike Revak, ~~SVP Franchise and Business Development~~President; ☐ Eric Taylor, Chief Development Officer;
☐ ~~Debbie Lauber, General Counsel and Chief People~~Karen Luey, Chief Financial Officer; ☐ Joe Tenczar, Chief Information Officer; Sky Zone Franchise Group, LLC, at ~~5875 Arnold Road, Dublin, California 94568, 310-734-0300~~86 N. University Avenue, Suite 350, Provo, Utah 84601, 385-482-1020; and

Issuance Date: April ~~4, 2023, as amended March 5~~12, 2024

Sky Zone Franchise Group, LLC authorizes the respective state agents identified on Exhibit G to receive service of process for it in the states listed. I received a disclosure document from Sky Zone Franchise Group, LLC issued April ~~4, 2023, as amended March 5~~12, 2024, that included the following Exhibits:

EXHIBIT A FRANCHISE AGREEMENT
EXHIBIT B MULTI-UNIT DEVELOPMENT AGREEMENT
EXHIBIT C STATE LAW ADDENDA
EXHIBIT D TABLE OF CONTENTS OF MANUAL
EXHIBIT E LIST OF FRANCHISEES
EXHIBIT F FINANCIAL STATEMENTS
EXHIBIT G LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS
EXHIBIT H FORM OF PURCHASE ORDER
EXHIBIT I RECEIPTS

Date

Signature

Print Name

Please keep this copy of the Receipt for your records.

**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Sky Zone Franchise Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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The name, principal business address and telephone number of each franchise seller offering the franchise:
☐ Mike Revak, ~~SVP Franchise and Business Development~~ President; ☐ Eric Taylor, Chief Development Officer;
☐ ~~Debbie Lauber, General Counsel and Chief People~~ Karen Lucy, Chief Financial Officer; ☐ Joe Tenczar, Chief Information Officer; Sky Zone Franchise Group, LLC, at ~~5875 Arnold Road, Dublin, California 94568, 310-734-0300~~ 86 N. University Avenue, Suite 350, Provo, Utah 84601, 385-482-1020; and _____.

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EXHIBIT G LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS
EXHIBIT H FORM OF PURCHASE ORDER
EXHIBIT I RECEIPTS

Date

Signature

Print Name

Please sign this copy of the Receipt, date your signature and return it to Mike Revak, ~~Senior Vice-President of Franchise and Business Development~~, Sky Zone Franchise Group, LLC, at ~~5875 Arnold Road, Dublin, California 94568~~ 86 N. University Avenue, Suite 350, Provo, Utah 84601, mike.revak@skyzone.com.