

# FRANCHISE DISCLOSURE DOCUMENT

## POD PLUG FRANCHISING, LLC

a Texas limited liability company  
220 S. Sylvania Avenue, Suite 106  
Fort Worth, Texas 76111  
(310) 430-0031  
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[www.podplug.com](http://www.podplug.com)



The franchise described in this disclosure document is for a vending machine business offering stand-alone and wall-mounted vending machine options focused on serving adult nightlife businesses (bars, clubs, etc.) with each vending machine offering a variety of products, such as vapes, gum, mints, condoms, tampons, emergency pre-charged phone chargers, mystery bags, card games, and disposable cameras, etc.

The total investment necessary to begin operation of a Pod Plug franchise ranges from \$52,350 to \$105,750. This includes \$38,000 to \$78,000 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ethan Kohan at 220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111 or (310) 430-0031.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 19, 2025, amended August 7, 2025 and September 19, 2025

## How To Use This Franchise Disclosure Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Pod Plug Business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Pod Plug franchisee?</b>	Item 20 or Exhibits G and H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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:

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

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

**NOTICE REQUIRED BY**  
**THE STATE OF MICHIGAN**

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this Act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any claims.
3. A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.
4. A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the license.
5. A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that mediation or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation at a location outside this state.
7. A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:
  - a. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

- b. The fact that the proposed transferee is a competitor of the Franchisor.
  - c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - d. The failure of the franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
8. A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants 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 the assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in Subdivision (c).
9. A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

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

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 WILLIAMS BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.**

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

**POD PLUG  
FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBITS**

- A. Franchise Agreement**
- B. State Specific Addenda**
- C. Table of Contents of Confidential Franchise Operations Manual**
- D. List of State Administrators and Agents for Service of Process**
- E. Financial Statements**
- F. General Release**
- G. List of Current Franchisees**
- H. List of Former Franchisees**
- I. Form of Vending Machine Rental Agreement**
- J. Receipts**



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

The Franchisor is Pod Plug Franchising, LLC, referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying a franchise as “you” or “your”. If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this Disclosure Document where appropriate.

### **The Franchisor, and Any Parents, Predecessors and Affiliates**

We are a limited liability company formed in the State of Texas on October 7, 2024. Our principal business address is 220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111. We do business under our legal name and the name “Pod Plug”. Our registered agents for service of process are listed in Exhibit D to this Disclosure Document.

Our parent company is Pod Plug, Inc., a Texas corporation formed in September of 2024 which shares our principal business address. Pod Plug, Inc. has never offered franchises in any line of business.

We sell franchises for the establishment and operation of vending machine businesses offering stand-alone and wall-mounted vending machine options focused on serving adult nightlife businesses (bars, clubs, etc.) with each vending machine offering a variety of products, such as vapes, gum, mints, condoms, tampons, emergency pre-charged phone chargers, mystery bags, card games, and disposable cameras, etc. (each a “Pod Plug Business”).

We do not own or operate any Pod Plug Businesses, but our affiliate, Pod Plug, LLC, has been operating a Pod Plug business in Texas and other states since March 2019. Pod Plug, LLC is a Florida limited liability company which maintains its principal business address at 220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111. Pod Plug, LLC may, at our option, serve as the source for certain products and/or services that you must use in the operation of your Pod Plug Business, including branded Pod Plug products. Pod Plug, LLC has never offered franchises in any line of business and does not conduct any business other than operating a Pod Plug Business.

We first began offering franchises for Pod Plug Businesses in March of 2025. We do not engage in any other business activities, and we have never offered franchises in any other lines of business.

Except as described above, we have no predecessors or parent entities, and except as described above none of our affiliates provide products or services to our franchisees or offer franchises in any line of business.

### **Pod Plug Franchise**

We offer qualified applicants franchises for Pod Plug Businesses. The Franchise Agreement (Exhibit A to this Disclosure Document) gives you the right to establish and operate one Pod Plug Business at a specified location within a Protected Area. (See Item 12)

We offer three levels of Pod Plug franchises:

- (a) Pod Plug Prep – The Pod Plug Prep offering is appropriate for small to medium-sized cities whose economy and social scene are dominated or influenced by one or more local colleges or universities. Pod Plug Prep franchise territories will have less than 100 “Venues” in their Protected Area.
- (b) Pod Plug Prime - The Pod Plug Prime offering is appropriate for traditional urban or suburban areas, primarily targeting large cities that do not rise to the level of a major metropolitan center. Pod Plug Prime franchise territories will have between 100 and 249 “Venues” in their Protected Area.
- (c) Pod Plug Prestige - The Pod Plug Prestige offering is appropriate for very large urban areas, primarily targeting major metropolitan centers with a robust nightlife and dense population base, such as Los Angeles, Dallas, Miami, New York, etc. Pod Plug Prestige franchise territories will have between 250 and 350 “Venues” in their Protected Area.

As used in this disclosure document, a “Venue” means a bar, nightclub, event venue, live music venue, casino, adult entertainment establishment, or other business establishment that falls within our list of approved NAICS (North American Industry Classification System) codes, which are industry-specific codes established and maintained by the U.S. Office of Management and Budget and the U.S. Census Bureau. We reserve the right to add or delete NAICS codes from our approved list from time to time upon written notice to you.

You will have the option to either purchase or lease the vending machines to be used in your Pod Plug Business, provided that all of your machines must be purchased or leased directly from us. Regardless of whether you elect to purchase or lease your vending machines, you must purchase any replacement parts needed for repairs or maintenance to such machines only from us. Our current vending machine pricing and standard lease terms are as follows, but we reserve the right to increase these fees upon written notice to you, provided that we may not increase these fees more than once in any 12-month period:

- 36-month rental rates with a 1-year limited warranty:
  - \$150 per month for hotspot machines
  - \$160 per month for spotlight machines
  - \$190 per month for bouncer machines
- Purchase/Cash price for new machines:
  - \$4,599 for hotspot machines (+ shipping)
  - \$4,999 for spotlight machines (+ shipping)
  - \$5,399 for bouncer machines (+ shipping)
- Depreciated buyout prices (after initial 36-month rental term):
  - \$1,609.65 for hotspot machines
  - \$1,749.65 for spotlight machines
  - \$1,889.65 for bouncer machines

Choosing the machine rental option could significantly reduce your initial capital requirements but will result in ongoing monthly expenses that will not be incurred if you purchase your machines up front. The rental program allows you to access our approved vending machines without the significant upfront cost of purchasing them outright. If you choose to participate in the machine rental program, you must comply with all rental terms and conditions established by us from time to time. We reserve the right to modify the terms of the rental program or change the designated supplier of machines in the future, subject to providing you with reasonable notice of such changes. The machine rental program does not affect your obligation to comply with our standards and specifications for vending machine operation, maintenance, and appearance. You are solely responsible for ensuring that all rented machines meet our quality standards throughout the duration of your franchise agreement. We will receive revenue as a result of your participation in the machine rental program.

Pod Plug Businesses operate in compliance with the Pod Plug concept for vending machine businesses offering stand-alone and wall-mounted vending machine options focused on serving adult nightlife businesses (bars, clubs, etc.) with each vending machine offering a variety of products, such as vapes, gum, mints, condoms, tampons, emergency pre-charged phone chargers, mystery bags, card games, and disposable cameras, etc. (hereinafter referred to as the “Pod Plug Concept”). You will be required to stock each of your vending machines only with products approved by us (which will include certain products that you must purchase only from us or our affiliate), and upon our written request you must include certain products designated by us in specific slots and/or a minimum number of slots in each of your vending machines. The Pod Plug Concept uses our business operating system (the “Business System”) and uses the mark “POD PLUG” and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by Pod Plug Businesses operating under the System (collectively, the “Marks”).

The Business System includes our methods and procedures for the establishment, management and operation of Pod Plug Businesses, including our confidential information, our manuals, software, and other business standards, specifications and policies. The distinguishing characteristics of the Business System include distinctive design and color scheme; unique services and techniques; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; software; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

The Franchise Agreement requires you to designate an “Operating Owner” who owns at least a 10% equity interest in the franchisee and is willing to actively oversee the day-to-day operation of your Pod Plug Business. Your Operating Owner is the main individual responsible for your business. Your Operating Owner must meet our qualifications and must be approved by us. Your current and future owners, including your Operating Owner, must sign a Guaranty and Assumption Agreement (“Guaranty”), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including payment obligations, covenants against

competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. (See Item 15)

Under our franchise agreement, we will grant you the right (and you will accept the obligation) to operate one Pod Plug Business, which is a vending machine business offering stand-alone and wall-mounted vending machine options focused on serving adult nightlife businesses (bars, clubs, etc.) with each vending machine offering a variety of products, such as vapes, gum, mints, condoms, tampons, emergency pre-charged phone chargers, mystery bags, card games, and disposable cameras, etc.

You must initially purchase, install and operate at least three Pod Plug vending machines in your franchised territory, but you may begin operations with more vending machines if you choose to do so, and you will need to add significantly more vending machines to your operation as your business develops.

We may periodically make changes to the systems, services, products, standards, signage, equipment and fixture requirements for your franchised business. All Pod Plug Businesses must be developed and operated in accordance with our specifications, standards, policies and procedures, which will be communicated to you via our confidential Operations Manual or otherwise in writing. Pod Plug Businesses are typically operated from a home office and require a garage or other storage space for a vehicle.

### **General Market and Competition**

Pod Plug Businesses offer their vending services to the general public, with Pod Plug vending machines typically located in bars, clubs and other adult nightlife businesses. The market for vending machine services is well developed and highly competitive. These businesses generally compete on the basis of factors such as location, price, convenience, quality and variety of services and products, and speed of services to customers. You must expect to compete with businesses specializing in vending machine operations, which may be local businesses or large regional or national companies. Additionally, you may find that there is competition for space within the bars, clubs and other adult nightlife businesses in your area. Pod Plug Businesses may be subject to seasonality in some markets depending on college class schedules/seasons and weather conditions in those markets, and Pod Plug Businesses typically generate more revenue on weekends due to the nature of the business.

### **Industry-Specific Regulations**

You must comply with all local, state, and federal laws that apply to your operations, including health, sanitation, smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people, so if you decide to lease an office/warehouse this may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain permits and operational licenses for your business and employees.

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Pod Plug Business, including those which (1) establish licensing and certification requirements for businesses in general, (2) set standards pertaining to employee health and safety, (3) set standards and requirements for fire safety and general emergency preparedness, and (4) regulate the proper use, storage and disposal of waste and other hazardous materials. You are solely responsible for investigating the license/permit requirements in your state.

As of the date of this Disclosure Document, the best-selling items purchased at Pod Plug vending machines are vape products, which generally account for a significant majority of our affiliate's sales at its company-owned vending machines. Tobacco products (including smokeless tobacco products such as ZYN) and vape products (including e-cigarettes) are heavily regulated at both the federal and state level (and in some cases at the local level as well). You may be required to obtain a state or local license allowing you to sell such products. The applicable regulations can vary widely from jurisdiction to jurisdiction and from time to time as government agencies issues new laws, regulations, rules, policies or restrictions on the sale and marketing of tobacco and vape products. As tobacco and vape-related regulations continue to develop over time, your business may be impacted by new laws, rules and regulations that come into effect from time to time. For example, some cities and states have banned the sale of flavored vapes. You are solely responsible for complying with all applicable laws and regulations specific to your market.

In September 2024, the U.S. Food and Drug Administration (FDA) adopted nation-wide regulations imposing limitations on some items sold in Pod Plug vending machines. Such regulations stated, in part, that retailers may not sell tobacco products via vending machines in facilities where individuals under 21 years of age are present or are permitted to enter at any time. This regulation applies in all fifty states and restricts the location where Pod Plug vending machines can be located (or in the alternative, what products may be sold in those Pod Plug vending machines). You are solely responsible for complying with all applicable federal laws and regulations.

You must comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

It is your sole responsibility to thoroughly investigate which regulations and/or licensing requirements are imposed by your state and local government authorities.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Founder and Chief Executive Officer: Ethan Kohan**

Ethan Kohan is our founder and has served as our Chief Executive Officer since our inception in October of 2024. As the founder of the Pod Plug concept, Mr. Kohan also serves as Chief Executive Officer of our affiliate, Pod Plug, LLC, a position he has held since March 2019, and

our parent company, Pod Plug, Inc., a position he has held since such entity was formed in September of 2024. Mr. Kohan currently offices in Fort Worth, Texas.

### **ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4: BANKRUPTCY**

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

### **ITEM 5: INITIAL FEES**

#### Initial Franchise Fee

Upon signing the Franchise Agreement, you must pay us an Initial Franchise Fee ranging from \$35,000 to \$60,000, depending on which offering you choose. Specifically, the initial franchise fee will be:

- (a) \$35,000 for a Pod Plug Prep franchise;
- (b) \$45,000 for a Pod Plug Prime franchise; and
- (c) \$60,000 for a Pod Plug Prestige franchise.

#### Reduced Initial Franchise Fee for Additional Franchises and Conversion Franchisees

Notwithstanding the foregoing, if you have previously signed one or more Pod Plug franchise agreements and you have remained in compliance with all terms of such agreement(s) then your initial franchise fee for your second and subsequent Pod Plug franchise agreements will be reduced by twenty-five percent (25%) off of our then-current initial franchise fee.

Your initial franchise fee for your first Pod Plug franchise agreement will be reduced by twenty-five percent (25%) off of our then-current initial franchise fee if you are signing the Franchise Agreement in conjunction with converting an existing vending machine business into a Pod Plug Business.

#### Initial Equipment Package

Upon signing the Franchise Agreement, you may, at your option, purchase an all-inclusive initial equipment and inventory package from us (which includes 3 Pod Plug vending machines and your initial inventory for stocking those machines) at a cost ranging from \$17,700 to \$23,000, or you must initially lease at least 3 Pod Plug vending machines from us. If you choose not to purchase our all-inclusive initial equipment and inventory package, then you will be required to lease your initial 3 vending machines (or more machines, at your option) from us in accordance with our rental terms and conditions, and you will be required to purchase our inventory-only initial package at a cost ranging from \$3,000 to \$5,000. A copy of our current vending machine rental agreement

(which is subject to change from time to time) is attached to this disclosure document as Exhibit I.

The fees described in this Item 5 are payable in one lump sum payment, are considered fully earned and nonrefundable upon receipt, and are imposed uniformly on all franchisees.

**ITEM 6: OTHER FEES**

<b>Fees<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	8% of your Gross Sales	Payable weekly (with payments due each Monday for royalties accrued during the prior work week, which begins on Friday and ends on the following Thursday), provided that if the scheduled due date is not a business day, then the next business day after the due date. We reserve the right to change the payment schedule upon 30 days' notice to you.	See Note 2 for the definition of Gross Sales. We require you to pay the royalty fees by electronic funds transfer (automatically deducted from your designated account) or any other means we reasonably specify.
Local Advertising and Cooperatives	Currently not required, but, if implemented by	Payments for local advertising are due when billed by the	See Note 2 for the definition of Gross Sales. We may, upon written notice to you, implement minimum local advertising requirements on you. In addition, we have the right, but not the obligation, to designate any geographic area in which two or more company-owned or franchised Pod Plug Businesses are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). We may also modify or disband any Cooperative at our option. If we establish a Cooperative that includes your Pod Plug Business, you will be required to contribute periodic amounts



	us, could be up to 1% of your Gross Sales	local advertiser.	determined by the Cooperative (up to 1% of your Gross Sales). Any amounts you contribute to your Cooperative will be applied to satisfy a portion of your local advertising requirements, and your required contributions to a Cooperative will not exceed your individual local advertising requirements. If we have company-owned Pod Plug Businesses that are located in your Cooperative territory, those company-owned Pod Plug Businesses will have voting powers like all other members of the Cooperative (one vote per unit), but they will not have the power to increase your required Cooperative contributions without a majority vote of the Cooperative members. We may designate that specific vendors be used by any Cooperative.
Brand Marketing Fund	0.5% of your Gross Sales	Payable at the same time, and in the same manner, as royalties. We may revise the timing for these payments at our discretion upon reasonable notice to you.	See Note 2 for the definition of Gross Sales.  The Brand Marketing Fund contribution is in addition to the local advertising requirements. We may increase the required contribution amount on not less than 30 days' written notice to you (up to a maximum of 2% of Gross Sales).
Interest	The lesser of 18% per year or the maximum lawful rate	On demand	We will charge interest on all overdue amounts.
Late Fees	\$250 for each late payment	On demand	We may charge a late fee for any delinquent amounts due under the Franchise Agreement.

Additional Training at Our Headquarters	At our option, a fee of \$500 per day, plus our costs of providing the training.	When billed.	This additional training will be conducted at our headquarters or other location designated by us. See Item 11. You must also pay the expenses of your personnel attending training, including travel, lodging and meals.
On-site Remedial Training	Our then-current daily rate for remedial training, plus our trainer's related costs, including travel, lodging and meals. Our current daily rate for remedial training is \$500 per day per trainer.	When billed.	If you ask or if we believe it is appropriate, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your Pod Plug Business.
Transfer Fee	75% of our then-current initial franchise fee (or 50% of our then-current initial franchise fee if the transfer is to an existing Pod Plug franchisee in good standing with us).	With transfer application.	You must pay us a transfer fee in connection with any transfer. If you are an individual transferring your rights and obligations under the Franchise Agreement to an entity owned solely by you, the transfer fee shall be reduced to a flat fee of \$1,500.
Renewal Fee	An amount equal to 10% of our then-current initial franchise fee.	Upon renewal of the Franchise Agreement	In order to renew your franchise agreement you must, among other things, pay us the renewal fee in a lump sum payment.

Management Fees	If implemented, 20% of your Gross Sales, plus our related costs, including any travel, lodging and meal expenses for our personnel engaged in operating your business.	If incurred, payable monthly on the first day of each month (for Gross Sales during the prior month)	We have the right to step in and operate your Pod Plug Business in certain circumstances, including a default by you under the Franchise Agreement. If we do this, you must pay us our then-current management fees and reimburse our related expenses, including travel, lodging and meals for our representative(s).
Inspection and Testing	The greater of: (a) \$500 or (b) the cost of inspection, if applicable, and cost of testing. The costs for testing/inspection of a product will vary based on the testing required for the particular product.	When billed	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses). If the product or service tested is adopted for system-wide use by all Pod Plug franchisees, then we will refund this fee.
Indemnification	Varies according to loss	On demand	You must indemnify us when your actions result in loss to us.
Audit Fee	Cost of audit	When billed	Payable if an examination or audit shows you have understated any amount owed to us by 2% or more.
Technology Fees	\$12 per week for each vending machine in operation	Payable at the same time, and in the same manner, as royalties. We may revise the timing for these payments at our discretion upon reasonable notice to you.	In exchange for this fee you will receive access to, continuing development of, and support for, various technology tools/platforms, including our website, social media, and other technologies needed for operating the Pod Plug Businesses. In our discretion, we may increase these fees (up to a maximum of \$25 per week for each vending machine in operation) from time to time upon 30 days' prior notice.

Insurance Fee	An amount equal to our actual expenses for the required coverages	On demand	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee equal to our actual expenses for obtaining and maintaining the required coverages.
Enforcement Costs	Will vary	As incurred	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the Franchise Agreement.
Annual Conference Fees	Up to \$500 per person per conference	On demand	If we schedule an annual franchise conference, we will require you to attend and pay registration fees. If you do not attend, we will charge you registration fees for one person (i.e. up to \$500).
Products to be Stocked in Vending Machines	The prices of products to be stocked in the vending machines will vary by item (provided that these prices will be determined by us in consideration of our costs to obtain products, store and manage inventory and cover operating expenses, provided that we reserve the right to profit from sales of these items)	As incurred	We are the sole designated supplier for certain products that must be stocked in the vending machines at all times. We reserve the right to profit from sales of these items to you.
Vending Machine Rental and/or Purchase Fees	Currently \$150 to \$190 per month for each machine rented (or \$4,599 to \$5,399 plus shipping costs per machine, payable in a lump sum, if you choose to purchase a new machine(s)). Machines come with a one-year manufacturer defects warranty. At your option, you may purchase an extended	As incurred	<p>You will have the option to either purchase or lease the vending machines to be used in your Pod Plug Business. Our current purchase and rental rates are below, but these rates may be increased by us no more than once every 12 months:</p> <ul style="list-style-type: none"> <li>• 36-month rental rates with a 1-year limited warranty: <ul style="list-style-type: none"> <li>○ \$150 per month for hotspot machines</li> <li>○ \$160 per month for spotlight machines</li> </ul> </li> </ul>

	manufacturer defects warranty costing \$500 per machine.		<ul style="list-style-type: none"> <li>○ \$190 per month for bouncer machines</li> <li>• Purchase/Cash price for new machines: <ul style="list-style-type: none"> <li>○ \$4,599 for hotspot machines (+ shipping)</li> <li>○ \$4,999 for spotlight machines (+ shipping)</li> <li>○ \$5,399 for bouncer machines (+ shipping)</li> </ul> </li> <li>• Depreciated buyout prices (after initial 36-month rental term): <ul style="list-style-type: none"> <li>○ \$1,609.65 for hotspot machines</li> <li>○ \$1,749.65 for spotlight machines</li> <li>○ \$1,889.65 for bouncer machines</li> </ul> </li> </ul>
Taxes	An amount levied by applicable tax authorities	As incurred and upon demand	This includes all sales taxes, personal property taxes, excise taxes, value added taxes and other taxes on account of services or goods provided by us. Among other things, you must pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on any initial franchise fees, periodic fees and other amounts received by us pursuant to your Franchise Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state or on account of services or goods provided by us.

**Notes:**

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

(2) “Gross Sales” means the total selling price of all products and services (including, but not limited to, any revenue you earn from marketing and advertising sold to third parties for display on, or in connection with, your vending machines, provided that you may only offer or sell

marketing and advertising for display on, or in connection with, your vending machines with our prior written consent) and all income of every other kind and nature related to the Pod Plug Business, whether for cash or credit and regardless of collection in the case of credit. Without limiting the foregoing, “Gross Sales” includes all proceeds from the sale of goods purchased with coupons, gift cards/certificates or vouchers; provided that funds received by you upon selling a gift card/certificate or voucher are not deemed to be part of your Gross Sales until the gift card/certificate or voucher is redeemed for goods at your Pod Plug Business, at which time you must count the retail value of the products sold in determining Gross Sales for royalty purposes and for other fees calculated in respect of Gross Sales (i.e. because you are not required to record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, you are required to pay royalties based on the retail value of the products provided in exchange for the coupon, gift card/certificate or voucher unless the gift card/certificate or voucher is redeemed at a different Pod Plug Business). “Gross Sales” does not include (i) sales taxes you collect from customers of the Pod Plug Business, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Pod Plug Business or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Pod Plug Business or having any material effect upon the ongoing operation of the Pod Plug Business.

## **ITEM 7: ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT (LOW)</b>	<b>AMOUNT (HIGH)</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee	\$35,000	\$60,000	Lump sum	When you sign Franchise Agreement	Us
Lease Expenses <sup>1 and 2</sup>	\$0	\$750	As stated in lease	As incurred	Landlord
Leasehold Improvements <sup>1 and 2</sup>	\$0	\$0	As arranged	As incurred	Contractors and subcontractors

Computers, Telephone and Office Equipment <sup>3</sup>	\$250	\$1,500	As arranged	As incurred	Approved Suppliers
Furniture and Fixtures	\$0	\$0	As Arranged	As incurred	Approved Suppliers
Equipment (initial 3 vending machines) to be Used in the Business <sup>4</sup>	\$1,800	\$18,000	As arranged	As incurred	Approved Suppliers
Costs Related to Attending Training <sup>5</sup>	\$1,500	\$2,000	As Arranged	Before opening	Third-Party suppliers
Signage for Vending Machines	\$250	\$750	As Arranged	Before opening	Us
Utility and Security Deposits <sup>6</sup>	\$0	\$500	As Arranged	As incurred	Third-Party suppliers
Insurance Deposits and Premiums, including business and vehicle insurance (first 3 months) <sup>7</sup>	\$300	\$1,000	As required by insurance carrier	Before opening	Insurance carriers
Initial Inventory <sup>8</sup>	\$3,000	\$5,000	As arranged	As incurred (prior to opening)	Approved Suppliers
Vehicle (including vehicle decal) <sup>9</sup>	\$500	\$1,500			Approved Suppliers
Business Software <sup>10</sup>	\$200	\$750	As arranged	As incurred	Approved Suppliers
Business Permits/Licenses	\$550	\$1,500	As required by government authorities	As required by government authorities	Applicable government Authorities
Professional fees <sup>11</sup>	\$1,500	\$2,500	As arranged	As arranged	Attorneys, accountants or other professionals

Additional Funds <sup>12</sup> (three months)	\$7,500	\$10,000	As arranged	As arranged	Third parties
<b>TOTAL<sup>12</sup></b>	<b>\$52,350</b>	<b>\$105,750</b>			

**Notes:**

Note 1. These estimates are based on our affiliate's experience in establishing a Pod Plug Business. Pod Plug Businesses will typically be operated from home offices, and we anticipate that the premises for all Pod Plug Businesses will either be a home office or leased warehouse space (likely in an industrial area) containing approximately 100 to 500 square feet. These amounts assume that you will operate the business from your home or lease a warehouse premises for the Pod Plug Businesses, and therefore these amounts do not include costs of land acquisition and construction of a building. The lease expense estimate and the leasehold improvements estimate are based on operating from your home (low end estimates) or the cost of leasing a small warehouse space (high estimate).

Note 2. These estimates assume that you will not need to lease a space or make any leasehold improvements. We anticipate that you will operate your Pod Plug Business from a home office. If you elect to lease a space, we will not require you to improve the space or spend any minimum amounts on architects or design plans. These costs are our best estimate based on warehouse rental costs for three (3) months. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local leasing and labor rates and other local conditions. While you will likely have no traditional lease expenses in establishing your Pod Plug Business, each of the host sites where you place your vending machines will charge you periodic commissions (typically between 15% and 20% of your Gross Sales in our affiliate's experience) once your machines are in operation, but these costs will not begin accruing until after you have begun operating and are not included in the estimates shown in the table above.

Note 3. These estimates include the costs of purchasing a computer and telephone meeting our standards and specifications as well as any related office equipment needed to operate your Pod Plug Business.

Note 4. The low-end estimate above assumes that you will rent your 3 initial vending machines (all machines you rent must be rented from us) and includes rental costs for your first 3 months of operation. The high-end estimate assumes you will purchase your 3 initial vending machines (all machines you purchase must be purchased from us) and includes the full purchase costs of your initial 3 vending machines (plus standard shipping charges with estimated 6 week delivery time) meeting our standards and specifications, that will be needed for beginning operation of your Pod Plug Business. If you choose, at your option, to start operations with more than 3 vending machines, then your initial costs for this category will be higher than the estimates shown in this table.



Note 5. We provide initial franchise training to your initial Operating Owner and General Manager (if different) at no additional charge. Therefore, these amounts include only your out-of-pocket costs related to the training of these people. You must pay all expenses you or your employees incur in connection with attending the initial training program, like travel, lodging, meals and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode and distance of transportation. (See Item 11) The figures in the chart represent the estimated cost for two individuals to attend our initial training program. We have the option, at our discretion, to charge a \$500 per person tuition fee for the third and each subsequent attendee you send to our initial training program.

Note 6. You may be required to pay security deposits to certain third parties, such as a telephone service provider and various equipment vendors and suppliers. These amounts will vary for each location and will be based in part on the premises, services and equipment you select.

Note 7. Before opening for business, you must purchase (and at all times maintain) insurance coverages meeting our standards and specifications, as further described in Item 8 of this Disclosure Document.

Note 8. We estimate that this range will cover the cost of product inventory needed to stock your initial 3 vending machines for approximately 4 to 6 weeks of operations. If you choose, at your option, to start operations with more than 3 vending machines, then your initial costs for this category will be higher than the estimates shown in this table.

Note 9. If you do not already own a vehicle that meets our standards and specifications, we will require you to purchase or lease a vehicle (which must be new or not more than 10 years old, in good working order and without significant body damage). Your vehicle must meet all of our standards and specifications (including our appearance and reliability standards) for use in connection with your Pod Plug Business. We also require that you purchase two customized Pod Plug vehicle decals for your vehicle. You must have at least one operating vehicle approved by us to begin operations. The low-end estimate above only applies if you already own an acceptable vehicle that meets our standards (or you can lease such a vehicle with no down payment), in which case you will incur limited initial expenses for your vehicle.

Note 10. We require you to purchase and use QuickBooks accounting software, vending machine management software, etc. in the operation of your Pod Plug Business.

Note 11. This estimate is for the cost to establish an entity to hold the franchise and review the franchise documentation with an attorney. You may also wish to consult with an accountant or other business advisor regarding the establishment and operation of your franchised business. The cost of professional services can vary widely.

Note 12. You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. For purposes of this Item 7, the start-up phase is defined as 3 months from the date you open for business. We do not imply or guarantee that you will “break even” at any particular time, if at all. These amounts do not include any estimates for debt service or any salary or draw for you. You must also pay the royalty and other

related fees described in Item 6 of this Disclosure Document. These figures are estimates, and we cannot assure you that you will not have additional expenses. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of our affiliate's company-owned Pod Plug Business to compile these estimates. You should review these figures carefully with your business advisor.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

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

### **Required Purchases**

To ensure a uniform image and uniform quality of services and products at the Pod Plug Businesses, you must maintain and comply with our quality standards and specifications. As a general rule, you will be obligated to purchase from us, our affiliates, or other designated third party suppliers all, or substantially all, of the vending machine equipment and related products, services, supplies and inventory used in establishing and operating the Pod Plug Business. In addition to our general sourcing restrictions, you may also be required to purchase certain Pod Plug branded items that you must use in the operation of, or offer for sale at, your Pod Plug Business. As described further below, we reserve the right to require you to purchase any items or services we designate from us, our affiliates, or our approved vendors and suppliers, or in accordance with the specifications, brand requirements, or standards listed in our Operations Manual. In addition to meeting our standards and specifications, it is solely your responsibility to ensure that your Pod Plug Business complies with all local, state and federal laws, building code requirements and the Occupational Safety and Health Act (OSHA).

We currently require you to purchase certain products only from us, our affiliates or other third party designated suppliers. Upon reasonable notice to you, we may modify the list of products and services that you must purchase from us or our affiliates for the operation of, or to be offered for sale at, your Pod Plug Business. The products that you must purchase only from us or other designated suppliers include the following:

### **Required Purchases from Us and our Affiliates**

#### **Vending Machines**

Whether you elect to purchase your vending machines or lease them, you will be required to purchase or lease all such vending machines, and any replacement parts needed for repairs or maintenance to such machines, only from us.

### Vending Machine Inventory/Stocking Items

We are the sole designated supplier for certain products that must be stocked in the vending machines at all times, and any other inventory items that we authorize to be stocked and sold in your vending machines must be purchased only from our approved suppliers. At all times you must stock each of your vending machines only with products approved by us (which will include certain products that you must purchase only from us or our affiliate), and upon our written request you must include certain products designated by us in specific slots and/or a minimum number of slots in each of your vending machines.

### Private Label Products

We or our affiliate will be the sole designated supplier for any private label Pod Plug products that we develop, at our option, for use in, or offer for sale at, your Pod Plug Business. We reserve the right to add or remove items from the list of required private label Pod Plug products from time to time in our discretion.

### Uniforms

You must purchase all of the uniforms used in the operation of your Pod Plug Business from us or our then-current designated supplier as listed in the Franchise Operations Manual.

### **Designated Third Party Suppliers**

We reserve the right to designate specific third-party suppliers for any products and services used in, or sold at, your Pod Plug Business. We reserve the right to change or add designated suppliers from time to time at our option upon written notice to you. As of the date of this Disclosure Document, we require you to purchase the following categories of items from specific designated sources described below:

#### Vending Machine Management Software

You must purchase or lease, and all times use, vending machine management software meeting our standards and specifications to monitor, manage and maintain your vending machines, and we reserve the right to specify one or more designated vendors as the required source for such software.

#### Payment Processing Software

You must purchase or lease, and at all times use, our designated payment processing software system to operate your Pod Plug Business, and such software system must be purchased from our designated vendor.

#### CRM, Inventory Management and Help Desk Software

You must license CRM and help desk software from our approved CRM vendor (currently BrandWide) for your customer relationship management system, and you must use our approved vendors for managing your inventory levels.

#### Accounting Software

You will be required to use QuickBooks Online accounting software, and you must designate us as a custom user on your QuickBooks account, which will give us access to all of your financial records, sales transactions, customer information, etc. If you fail to provide us with periodic financial reports and information meeting our standards and specifications, we may require you to begin using our designated accounting vendor and our designated consolidated KPI dashboard software at your expense.

#### Vehicle and Wrap

You must purchase, and at all times operate your business using a vehicle meeting our minimum standards and specifications. You must get your vehicle wrapped with our approved Pod Plug graphics provided by a supplier designated by us, which may change from time to time.

#### New or Additional Designated Sources

Upon reasonable notice to you, we may require you to use new or additional designated sources for the purchase of the above-mentioned products and services or any other products or services used in the operation of, or offered for sale at, your Pod Plug Business.

#### **Approved Suppliers**

If we have approved suppliers (including manufacturers, distributors and other sources) for any items, supplies, materials, fixtures, furnishings, equipment, services, sight plans and designs, computer systems and other products used in, or offered for sale at, the Pod Plug Business, you must obtain these items from one of those approved suppliers. Approved suppliers are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the Pod Plug franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We have designated ourselves or our affiliates as approved or designated suppliers for certain items as described above in this Item 8. Before opening your Pod Plug Business (and from time to time as needed during operation of your Pod Plug Business), you must purchase from approved suppliers certain items required for the operation of a Pod Plug Business, including, among other things, certain equipment and inventory/supplies.

We have the right to make available to you for resale in the Pod Plug Business merchandise identifying the Pod Plug Concept. This may include Pod Plug memorabilia, like T-shirts, cups and hats. If we make this type of merchandise available, we will require you to purchase it from us, our affiliate or a supplier we designate in amounts necessary to meet your customer demand.

#### **Evaluation of New Suppliers**

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and we may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. If we test a product or supplier at your request, you must pay us an amount equal to the greater of (a) \$500 or (b) the costs that we incur in connection with the testing and approval process, provided that if the product or service tested is adopted for system-wide use by all Pod Plug franchisees, then we will refund this fee. The costs for testing/inspection of a product will vary based on the testing required for the particular product. Nothing requires us to approve any particular supplier, and we will notify you of our approval or disapproval within 180 days after receiving all requested information. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

### **Purchases According to Specifications**

You must comply with all of our standards and specifications relating to the purchase of all services, supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered for sale at the Pod Plug Business. Among other things, the following must comply with our specifications:

#### **Site Selection and Construction**

You must locate a site for the Pod Plug Business that satisfies our site selection requirements. We anticipate that most, if not all, Pod Plug Businesses will be conducted from a home office, so no site selection, construction or remodeling will be necessary other than installation of any office equipment to be used in the operation of your Pod Plug Business.

## **Advertising and Promotional Materials**

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time. If we notify you that certain advertising materials are no longer approved then you will be required to cease using such materials as soon as possible after receiving such notice.

## **Insurance**

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Pod Plug Business. All required insurance policies must be purchased from one of our approved insurance providers, which must be A rated or better by AM Best. In addition, each of your insurance policies must include a one-year tail following the termination, expiration or transfer of your franchise agreement, and each policy must name us as a co-insured and certificate holder and provide us with 30 days' notice prior to any termination or expiration. At a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), you must carry:

- (1) Comprehensive general liability insurance written on an occurrence form, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate, \$1,000,000 personal and advertising injury, \$50,000 damage to premises rented to you, and \$5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability;
- (2) Employment related practices liability insurance, including third party coverage, in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate. Such insurance must include a deductible of less than \$10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the effective date of your Pod Plug franchise agreement;
- (3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than \$10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) Such other insurance as may be required by us from time to time or by the landlord of the Pod Plug Business premises at, and by the state or locality in, which the Pod Plug Business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

### **Purchasing Arrangements**

In our fiscal year 2024, neither we nor our affiliate received any revenues from the sale of products or services to our franchisees because we did not have any franchisees. However, all products sold in Pod Plug vending machines must be purchased from us or our affiliates, so in the future we and/or our affiliates will receive revenues from direct sales of products and services to our franchisees, and we reserve the right to use the funds from such sales in any manner in our sole discretion.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as vending machines, inventory items, uniforms, logoed products, insurance, supplies or other items, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor.

We or our affiliates may receive rebates or other material consideration from approved or designated sources. We currently receive no rebates, refunds or other payments from our designated or approved vendors because we only began offering franchises in March of 2025, but we reserve the right to receive such rebates, refunds or other payments in the future. We will not provide material benefits to franchisees based upon their use of designated or approved suppliers.

Except as described above, there are currently no purchasing or distribution cooperatives for the Pod Plug Business System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe your purchase obligations in detail in the preceding sections of this Item 8 (under the headings

“Designated Suppliers”, “Approved Suppliers” and “Purchases According to Specifications”). The magnitude of required purchases in relation to all purchases you make to establish and operate the Pod Plug Business is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Pod Plug Business as described in Item 7. We estimate that your total initial required purchases will range between 90% and 95% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the Pod Plug Business will range between 90% and 95% of your annual purchases or leases.

Except for ownership in us and our affiliates, our officers do not hold any ownership interest in any privately-held suppliers or any material interest in any publicly-held suppliers of the Pod Plug franchise system. From time to time our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

## ITEM 9: FRANCHISEE’S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other Items of this Disclosure Document.**

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Franchise Agreement Section III.A.	Items 8 and 11
b. Pre-opening purchases/leases	Franchise Agreement Sections III., VIII., IX. and XIII.	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement Sections III., VII. and VIII.	Items 1, 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement Sections VI.B. and VIII.A.	Items 6, 7 and 11
e. Opening	Franchise Agreement Sections III., IX.F. and Exhibit C	Items 7 and 11
f. Fees	Franchise Agreement Sections V. and IX.	Items 5, 6 and 11



g. Compliance with standards and policies/Manuals	Franchise Agreement Sections III., IV., VII., VIII., IX., X., XI., XII., XIII.	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Franchise Agreement Sections X. and XI. and Exhibit B	Items 11, 13 and 14
i. Restrictions on products/services offered	Franchise Agreement Section VIII.	Items 8 and 16
j. Warranty and customer service requirements	Franchise Agreement Section VIII.H.	Item 16
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Franchise Agreement Sections VIII. and IX.	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Franchise Agreement Sections IV. and VIII.	Item 8
n. Insurance	Franchise Agreement Section XIII.	Items 7 and 8
o. Advertising	Franchise Agreement Section IX.	Items 6, 8 and 11
p. Indemnification	Franchise Agreement Section XVI.	Item 6
q. Owner's participation/management/staffing	Franchise Agreement Sections VII. and VIII.	Items 1, 11 and 15
r. Records and reports	Franchise Agreement Sections III., V., IX. and XII.	Item 11

s. Inspections and audits	Franchise Agreement Sections III., VI., VIII. and XII.	Items 6, 8 and 11
t. Transfer	Franchise Agreement Section XV.	Items 6, 12 and 17
u. Renewal	Franchise Agreement Section IV.	Items 6, 12 and 17
v. Post-termination obligations	Franchise Agreement Section XIX.	Item 17
w. Noncompetition covenants	Franchise Agreement Section XI. and Exhibit B	Item 17
x. Dispute resolution	Franchise Agreement Section XX.F.	Item 17

## ITEM 10: FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases or other obligations.

## ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

**Pre-Opening Obligations:** Before you open your Pod Plug Business, we or our designee will:

1. Give you the site selection assistance we believe to be necessary, if any. (Section III.A. of Franchise Agreement);
2. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and, if applicable, review your proposed lease or contract of sale within 15 days after receiving your complete site information. (Section III.A. of Franchise Agreement);
3. Provide you with access to one set of our Manuals (which may, at our option, be provided only in electronic format). (Franchise Agreement, Section VI.A.);
4. Provide you a list of any approved suppliers. (Franchise Agreement, Section VI.J.);

5. Conduct an initial training program at a location determined by us. (Franchise Agreement, Sections VI.B. and VIII.A.);

6. Provide you on-site opening assistance for one (1) day at your Pod Plug Business (except that we may, at our option, elect not to provide on-site opening assistance for your second and subsequent Pod Plug franchises). (Franchise Agreement, Section VI.C.).

**Post-Opening Obligations:** During the operation of your Pod Plug Business, we will:

1. Conduct periodic evaluations of your operations, which may, at our option, include unannounced ride-along inspections by us to observe and evaluate your operations and provision of services. (Franchise Agreement, Section VI.E.)

2. Administer a brand marketing fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections VI.F. and IX.)

3. Give you any advice, additional training as we deem necessary from time to time, and written materials we may develop on the techniques of managing and operating Pod Plug Businesses. (Franchise Agreement, Section VI.G.)

4. Give you updated lists of approved suppliers and vendors, and make available certain Pod Plug products and/or equipment as needed for the operation of your business. (Franchise Agreement, Section VI.I.)

5. Provide pricing methods/guidance from time to time for products and services to be sold at Pod Plug Businesses. We may, at our option, establish maximum, minimum or other pricing requirements for the products to be sold at your Pod Plug Business to the fullest extent allowed by law. (Franchise Agreement, Section VIII.K)

6. Provide to you, on loan, any proprietary software programs that we may develop in the future for use in the Business System. We reserve the right to charge you reasonable license fees if we develop such proprietary software. (Franchise Agreement, Section VI.D.)

### **Machine Rental Option**

We offer a machine rental option as an alternative to purchasing vending machines outright. If you choose this option, you must lease all of your vending machines from us.

We will provide guidance on the rental process, help you determine the appropriate number of machines for your territory, and assist with any questions regarding the rental terms.

## **Site Selection and Construction**

You will operate your Pod Plug Business from your home or another site approved by us within your Protected Area. If you do not live within the Protected Area granted under your Franchise Agreement or your home is not a suitable site for your Pod Plug Business, then you must find a site that is located in the Protected Area and meets our minimum standards (which may, at our option, include your use of a warehouse or virtual office space located in the Protected Area). In reviewing your proposed site, we consider various factors, including the condition of the site, the location of the site, population, and other demographic factors. We must accept the site as meeting our minimum standards before you may begin using such site for your Pod Plug Business. You cannot place a Pod Plug Business at a site we have not first accepted in writing. We anticipate that your site will be your home, so we do not provide franchisees with written site selection guidelines, but if you request (or we deem it appropriate) we will assist you in selecting a site that meets our minimum site standards. We generally do not own any premises at which our franchisees operate. (Section III.A. of Franchise Agreement)

If you identify a proposed site for your Pod Plug Business that is not your primary residence then you must submit to us in writing a description of the site, evidence that the site satisfies our minimum standards and any other information we may require. We have 15 days after we receive all required information to review and accept or not accept your proposed site and notify you of such acceptance or rejection. Our acceptance of a site does not guarantee that a Pod Plug Business will be profitable or successful at that site. (Section III.A. of Franchise Agreement)

If you are not able to locate a site that is approved by us within 30 days after signing the Franchise Agreement then you will be in default under the Franchise Agreement, and we may, at our option, terminate such agreement.

You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Pod Plug Business, and you must conform the Pod Plug Business premises as needed to comply with any local ordinances and building codes at your expense. (Franchise Agreement, Section III.C.)

We do not provide any architectural or design plans or specifications for a Pod Plug Business, but upon your request we will provide advice as we determine necessary if you lease space to operate your Pod Plug Business. (Franchise Agreement, Section III.D.)

## **Time Between Signing the Franchise Agreement and Locating and Opening an Approved Site**

We estimate that it will be approximately 60 days from the time you sign the Franchise Agreement to the time you begin operations (i.e. install your first vending machine and begin operating that machine). This time period may be shorter or longer depending on various factors, such as delays or difficulties in obtaining an approved vehicle, financing, permits, and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs.

You must begin operating your Pod Plug Business (i.e. install your first vending machine and begin operating that machine) within 90 days after signing the Franchise Agreement unless we grant you a written extension. If you fail to begin operating within 90 days after signing the Franchise Agreement (or within the extended deadline if you obtain an extension from us) you will be in default under the Franchise Agreement, and we may terminate such agreement at our option. (Franchise Agreement, Section III.E.)

## **Advertising**

You are not required to conduct, or spend any funds on, an initial launch promotion campaign in connection with opening your Pod Plug Businesses.

### **Local Advertising**

We may, upon written notice, implement minimum local advertising requirements, but as of the date of this Disclosure Document we do not require franchisees to spend any minimum amount on advertising in their Protected Areas. If we implement minimum local advertising requirements, we may require you to spend at least one percent (1%) of your monthly Gross Sales on advertising and promotion of your Pod Plug Business in your Protected Area. You must submit to us any reports (including substantiating receipts sent to us at least once per month) detailing your local advertising expenditures that we may require.

You must place and pay the cost of a business listing acceptable to us, which may, at our option, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. We will credit your payments for these listings towards your local advertising expenditure requirement. (Franchise Agreement, Section IX.G.)

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use, as described in Item 8.

You may not advertise, promote, post or list information relating to the Pod Plug Business on the Internet (through the creation of a website, digital media platforms, social media accounts or posts or otherwise) without our prior written consent, but we may, at our option, decide to include information about your Pod Plug Business on our Website. If we grant you the right to advertise, promote, post or list information relating to the Pod Plug Business on the Internet, then you will be required to comply with our advertising standards and requirements with regard to all such Internet advertising.

We can, but are not obligated to, designate any geographic area in which two or more company-owned or franchised Pod Plug Businesses are located as a region for an advertising cooperative (“Cooperative”). We may require Cooperatives to be formed, changed, dissolved or merged from time to time. If we do form a Cooperative, the Cooperative must be organized and governed as we determine. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local

advertising. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which will require contributions of up to one percent (1%) of your Gross Sales. You will not be required to contribute more than the amount you would otherwise be required to spend on local advertising, and your Cooperative contributions will be applied toward partial satisfaction of your individual local advertising requirements. If we have company-owned Pod Plug Businesses that are included in your Cooperative territory, those company-owned Pod Plug Businesses will not have power to increase your required Cooperative contributions without a majority vote of the franchisee members of the Cooperative. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. (Franchise Agreement, Section IX.B.)

## **Brand Marketing Fund and Regional Advertising**

### **Brand Marketing Fund Contributions**

In addition to local advertising (individually or through a Cooperative), we have established a brand marketing fund (the "Fund"). You must make periodic contributions to the Fund of up to two percent (2%) of your Gross Sales, provided that your initial periodic contributions will each be an amount equal to one-half of one percent (0.5%) of your Gross Sales. In our sole discretion on not less than 30 days' written notice, we may increase the amount you must contribute to the Fund; provided, however, that you will not be required to contribute more than two percent (2%) of your Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising.

### **Administration of the Brand Marketing Fund**

We or someone we designate will separately administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We will direct all programs financed by the Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and multi-regional advertising programs; developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the Fund. Except for any portion of the Fund spent on Website development, optimization, promotion, and maintenance (a portion of which may include soliciting the sale of franchises using the websites or websites primarily focused on franchise growth), the Fund is not used to solicit the sale of franchises. The Pod Plug Businesses owned by us and our affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement.

We may, but are not obligated to, use the Fund to directly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations.

We will not use your Fund contributions to defray our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the Fund and the advertising programs. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. Any amounts in the Fund that are not spent in the fiscal year in which they accrue will be applied toward advertising activities or our expenses incurred in administering the Fund and its programs in the following fiscal year. We are not required to have the Fund's statements audited.

We may terminate the Fund at any time on 30 days prior written notice to you. If we terminate the Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Section IX.C.)

During our fiscal year 2024, there were no amounts contributed to, or spent by, the Fund.

We presently do not have an advertising council, but if we establish one in the future, we may require you to participate in such council at your own costs.

### **Computer and Electronic Cash Register Systems**

You must install, and at all times use, our approved computer systems (and any technology systems designated by us from time to time) at your Pod Plug Business. If the designated computer systems are updated or modified from time to time you will be required to install and use the modified or upgraded version. You must maintain at least one computer that is capable of running the designated software required by us. The designated software is used to generate, compile, store and manage Pod Plug Business sales information. You must obtain this software and any related hardware, if applicable, from us or our affiliate or our designated third-party provider. The cost for obtaining the required computer systems is approximately \$1,500 to \$2,500 (as shown in Item 6 of this disclosure document).

You must also use helpdesk/maintenance services from our designated system vendor. We currently subscribe to a helpdesk/maintenance services plan under which the designated system vendor provides maintenance and support for the systems used in the Pod Plug Businesses. You are not currently required to subscribe to any specific helpdesk/maintenance services plan. We reserve the right to implement a required helpdesk/maintenance services plan from time to time and require franchisees to pay for any revised helpdesk/maintenance services in the future.

You must also purchase and maintain a smart phone (or an iPad or other tablet, at your option) as well as a Windows-compatible computer for the Pod Plug Business that has Internet access via high-speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us or our designated vendors any computer software we develop or acquire for use by Pod Plug Businesses.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. Except as stated above, there are currently no optional or required maintenance/upgrade contracts for the required computer systems. The software programs and hardware used at Pod Plug Businesses are designed to enable us to have independent access to the information generated and stored by the system, and there is no contractual limitation on our access to, or use of, the information we obtain.

We may revise our specifications for the hardware and any software used in the Pod Plug Business as we deem necessary, including the designation of specific brands or models of software used for accounting, payment processing, vending machine maintenance, spreadsheets and other office functions, that you must use in the operation of your Pod Plug Business. In addition, you must update and upgrade the hardware and software described in this Item 11 from time to time as we require, and you must install any other hardware or software for the operation of the Pod Plug Business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements.

### **Confidential Operations Manuals**

After you sign the Franchise Agreement, we will provide you with access to our Manuals (in electronic format only), which we may amend from time to time upon written notice to you. A copy of the table of contents of our Franchise Operations Manual (approximately 157 total pages) is attached as Exhibit C to this Disclosure Document. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.



## **Training**

For new Pod Plug Businesses, your Operating Owner and your General Manager (if different from the Operating Owner) must attend and complete our initial management training program to our satisfaction at least one week prior to opening. (Franchise Agreement, Section VIII.A.) For Pod Plug Businesses that have transferred ownership, your Operating Owner and your General Manager (if different from the Operating Owner) must attend and complete our initial management training program to our satisfaction no later than 30 days from the date of the Pod Plug Business transfer.

The training program will last approximately 4 days, provided that in our discretion less than 4 days of training may be required for existing franchisees opening additional Pod Plug Businesses. Training will be conducted at our offices in Fort Worth, Texas, or another location designated by us. We may, at our option, require you to complete certain preliminary remote training preparation activities before attending our Training Program.

We provide instructors and training materials for the initial training program for up to two people at no charge, but you must pay all expenses you and your personnel incur in connection with the initial training, including costs of travel, lodging, meals and wages. We may charge a reasonable training fee (currently \$500 per person) if you bring three or more people to the initial training program, and we may, at our option, charge reasonable fees for training all successor or replacement personnel in the future. (Franchise Agreement, Section VIII.A.)

The materials used in our training program include the Manuals as well as other presentation materials, which may include power point presentations, etc. Our training program will be directed by Brandon Martinez, our Director of Training, who has 4 total years of experience in this industry (with all 4 years spent operating Pod Plug machines in Texas).

Brandon Martinez will be the person conducting our training program, and he may be assisted by qualified members of our staff, if applicable.

Our initial training program is offered as needed during the year depending on the number of new franchisees entering the franchise system, the number of other personnel needing training, and the scheduled opening of new Pod Plug Businesses. The subjects covered and other information relevant to our initial training program are described below.

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Classroom Hours</b>	<b>On the Job Hours</b>	<b>Location</b>
Introduction to our Partnerships	-	2 hours	Dallas/Fort Worth, TX
Deep Dive Into the Machines	-	1 hour	Dallas/Fort Worth, TX
Compare Different Venues	-	1 hour	Dallas/Fort Worth, TX
Introduction to Our Warehouse Space	1 hour	-	Dallas/Fort Worth, TX

User Interaction: A View from the User's POV	1 hour	-	Dallas/Fort Worth, TX
POS and Inventory Tracking Training Session	2 hours	-	Dallas/Fort Worth, TX
Recap	1 hour	-	Dallas/Fort Worth, TX
Smart Machine Cloud Software Training	2 hours	-	Dallas/Fort Worth, TX
Warehouse Management Software Training	2 hours	-	Dallas/Fort Worth, TX
Test Vend All machines and Items	2 hours	-	Dallas/Fort Worth, TX
Financial Reporting/Accounting Software Training	1 hour	-	Dallas/Fort Worth, TX
A week In: Walk Through a Week's Schedule of Operations	3 hours	-	Dallas/Fort Worth, TX
Lunch: Discuss Preparations for the Franchisee's First Week	1 hour	-	Dallas/Fort Worth, TX
Field Work: Observe Nightlife Neighborhoods	-	2 hours	Dallas/Fort Worth, TX
Pitch: Attempt At Least 4 Cold Pitches	-	4 hours	Dallas/Fort Worth, TX
Dinner: All About the Franchisee's Questions	-	1 hour	Dallas/Fort Worth, TX
Establishing Relationships (Customer Retention) in Local Neighborhoods	-	1 hour	Dallas/Fort Worth, TX
Full Recap: Quick Slides to Recap Training	2 hours	-	Dallas/Fort Worth, TX
A week In Recap: Walk Through a Week's Schedule of Operations	1 hour	-	Dallas/Fort Worth, TX
Discuss Preparation for the Franchisee's First Week	1 hour	-	Dallas/Fort Worth, TX
<b>TOTAL<sup>1</sup></b>	<b>20 hours</b>	<b>12 hours</b>	

(1) Our initial training program is subject to change without notice to reflect updates in the materials, methods and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

We may, at our option, require your Operating Owner and General Manager to attend additional training programs and seminars from time to time (up to a maximum of 5 training days per year) at a location designated by us. We have the right, at our option, to charge a reasonable fee for these additional training programs and seminars (a daily rate of up to \$500 per trainer). You must pay all expenses you or your personnel incur in connection with any training program or seminar, including the cost of travel, lodging, meals and wages. (Franchise Agreement, Section VIII.A.).

If we schedule an annual franchise conference, we will require you to attend (up to a maximum of 3 days per year). You must pay us a reasonable conference registration fee and you are responsible for all expenses you or your personnel incur in connection with any such conference, including the cost of travel, lodging, meals and wages. If you do not attend, we will charge you registration fees for one person (i.e. up to \$500).

## **ITEM 12: TERRITORY**

The Franchise Agreement gives you the right to operate a Pod Plug Business only from a site we accept as meeting our site selection guidelines (the “Location”), and you may not provide products or services to any party outside of your Protected Area. We anticipate that our franchisees will operate their Pod Plug Business from their homes or a leased warehouse space. We will grant you a “Protected Area” around your home or other approved site as described below.

### **Franchise Agreement**

You must operate the Pod Plug Business only from your home or another location approved by us in writing within the agreed upon “Protected Area” set forth in Exhibit C of the Franchise Agreement (the “Protected Area”). We anticipate that most franchisees will operate their Pod Plug Business from their personal residence (provided that such residence must be located within the franchisee’s Protected Area), but you may also propose other locations for your Pod Plug Business, provided that any proposed location will be subject to our review and approval or rejection as described in the Franchise Agreement. If you do not live within the Protected Area granted under your Franchise Agreement then you must find a site that is located in the Protected Area and meets our minimum standards (which may, at our option, include your use of a warehouse or virtual office space located in the Protected Area). In any event, the location to be used for your Pod Plug Business must not violate applicable zoning laws or restrictions.

If you remain in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, we and our affiliates will not establish, or authorize anyone except you to establish, a Pod Plug Business in the geographic area identified as the “Protected Area” in Exhibit C of the Franchise Agreement (the “Protected Area”) during the term of the Franchise Agreement. For purposes of this Disclosure Document, any business entity or person who places and/or services one or more Pod Plug vending machines in your Protected Area would be deemed to have established a Pod Plug Business in your Protected Area.

Your Protected Area will be a geographic area defined by streets or highway boundaries, zip codes, city/county limits, or other geographic boundaries chosen by us in our discretion. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, including (i) the number target host businesses in the area; (ii) demographic information; and (iii) other site-specific data, as applicable. The Protected Area will be described in Exhibit C of your Franchise Agreement.

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 cannot relocate the Pod Plug Business without our consent, but you may move your Pod Plug vending machines to new locations within your Protected Area upon reasonable prior written notice to us, unless such location change would violate applicable law or would cause you or us to be in breach of any agreement to which we may be a party. If you lose possession of the Pod Plug Business premises through no fault of your own, you may apply to us for our approval to relocate your Pod Plug Business to another site in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Pod Plug Business at the Location.

### **Minimum Performance Requirements**

We may not reduce your rights in the Protected Area due to population increases, but we may, at our option, reduce or terminate your rights if you fail to meet certain minimum Gross Sales levels or if you otherwise breach the Franchise Agreement or other agreement you have with us or our affiliates. You must achieve the following minimum Gross Sales levels during the term of your Franchise Agreement:

(a) Pod Plug Prep franchisees must meet or exceed the following minimum Gross Sales levels:

- (i) no minimum required in your first 12 months of operation;
- (ii) at least \$100,000 in Gross Sales during your second 12 months of operation (i.e. months 13 to 24); and
- (iii) at least \$150,000 in Gross Sales during your third 12 months of operation (i.e. months 25 to 36), and during each successive 12 month period throughout the term of the Franchise Agreement.

(b) Pod Plug Prime and Pod Plug Prestige franchisees must meet or exceed the following minimum Gross Sales levels:

- (i) no minimum required in your first 12 months of operation;
- (ii) at least \$100,000 in Gross Sales during your second 12 months of operation (i.e. months 13 to 24);
- (iii) at least \$150,000 in Gross Sales during your third 12 months of operation (i.e. months 25 to 36);
- (iv) at least \$200,000 in Gross Sales during your fourth 12 months of operation (i.e. months 37 to 48); and
- (v) at least \$250,000 in Gross Sales during your fifth 12 months of operation (i.e. months 49 to 60), and during each successive 12 month period throughout the term of the Franchise Agreement.

If you fail to meet these minimum Gross Sales requirements, we will have the right, at our option, to require you to attend additional training (at your expense), to reduce the size of your

Protected Area or to terminate your Franchise Agreement. If we grant you the right to service one or more customers outside of your Protected Area, the revenue generated by your sale of services/products to those customers shall not be credited toward the minimum Gross Sales quotas described in this paragraph.

You must operate the Pod Plug Business only from the location approved by us, and you may not place or service any vending machines (or otherwise provide products or services to any party) outside of your Protected Area. Unless otherwise approved by us, you may not solicit business from consumers outside the Protected Area through any channels of distribution (including the Internet, telemarketing and other direct marketing sales).

Your marketing activities must be focused on, and directed primarily towards, customers located within your Protected Area, but you may be permitted to solicit and service customers outside of your Protected Area if you receive our written consent and such customers are not located within another franchisee's Protected Area. You will not be permitted to solicit or service customers located within another franchisee's Protected Area. If you solicit or otherwise obtain customers outside of your Protected Area and we subsequently grant a franchise to a third party for a territory covering the location of your outside customer then the right to service such existing customer will automatically be transferred to the new franchisee, and you will have no right to any compensation of any kind for the loss of such customer.

We retain all other rights. Among other things, this means we can:

(i) operate, and license others to operate, Pod Plug Businesses at any location outside the Protected Area.

(ii) Develop and establish other business systems (including systems that offer products or services similar to those offered at Pod Plug Businesses) using other names or marks, and grant licenses to use those systems at any location;

(iii) Advertise and promote the Pod Plug Concept within and outside the Protected Area;

(iv) Acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area;

(v) Within and outside the Protected Area, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services (under the Marks or under other names or marks) through any channel or by any method of distribution (including sales via the Internet, sporting/mass gathering events, sales at retail outlets, wholesale sales, catalog sales, telemarketing and other direct marketing sales) other than a Pod Plug vending machine business offered under this disclosure document, on any terms and conditions we deem appropriate, and without any compensation to you; and

(vi) Sell advertising and marketing space on your vending machines to any parties at our discretion without compensating you, and we may prohibit you from selling advertising and marketing space on your vending machines.

Except for the minimum Gross Sales requirements described above in this Item 12, continuation of any territorial protection granted to you under the Franchise Agreement does not depend on the achievement of a certain sales volume, market penetration or other contingency.

### **National or Regional Accounts**

We reserve the right under the Franchise Agreement to contract or enter into strategic alliances with national or regional accounts (“National Accounts”) to provide services and products as determined by us. A “National Account” means a customer that conducts its business in two or more locations and who has a contract or strategic alliance with us or our affiliates for the provision of services and products to it or its locations, employees, residents, students, members or customers, as applicable. If we or our affiliates contract or enter into a strategic alliance with a National Account which has locations, employees, residents, students, members or customers in your Protected Area, we will contact you and provide you with an opportunity to provide services and products to the National Account locations, employees, students, members or customers located in your Protected Area under the terms and conditions agreed to between us or our affiliate and the National Account.

If, within 5 days of the date we first attempt to contact you regarding a National Account opportunity, you are unable for any reason, including not being qualified to service the National Account, or do not elect to provide the contracted for services or products to the National Account in accordance with the agreed terms and conditions for such National Account, then we or our affiliates or our designees, including other franchisees, will have the right to provide the products and services to such National Account, and you will have no right to the National Account locations, employees, students, members or customers throughout the term of our contract or strategic alliance (including any renewal periods) with the National Account, and you will not be entitled to receive any compensation or proceeds from the provision of such products and services.

As of the date of this disclosure document, we do not have any National Accounts, and we cannot guarantee that we will have any in the future or that if we do, you will receive any National Account referrals.

### **Rights of First Refusal**

We generally do not grant any options, rights of first refusal or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement for that franchise.


Neither we nor our affiliates have established or have present plans to establish franchises, company-owned outlets or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so.

You may use the Internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the Franchise Agreement.

### ITEM 13: TRADEMARKS

The Franchise Agreement gives you a license to operate a Pod Plug Business under the mark “POD PLUG” and to use any future Marks we authorize.

Our affiliate, Pod Plug Inc., has registered, or applied for registration of, the following Marks with the U.S. Patent and Trademark Office on the Principal Register. At the appropriate times, Pod Plug Inc. intends to renew the registrations and to file all appropriate affidavits.

Mark	Serial Number	Application Date	Registration Number	Registration Date	Register
POD PLUG	88340356	March 14, 2019	6077673	June 16, 2020	Principal
	88712179	December 2, 2019	6214595	December 8, 2020	Principal

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the Marks and the proprietary Business System know-how within the Pod Plug Concept are derived from a nonexclusive perpetual license (the “Intercompany License”) between us and our affiliate, Pod Plug Inc. The Intercompany License grants us the right to use the Marks and the proprietary information related to the Business System, such as the know-how and the Manuals, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. If the Intercompany License agreement is terminated by us or Pod Plug Inc., then Pod Plug Inc. will permit you to continue using the Marks under your franchise agreement until the expiration or earlier termination of such franchise agreement (plus one renewal period if the agreement is set to expire and you meet all renewal criteria set forth in your Franchise Agreement). We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or

indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Owners must agree not to communicate with any person other than us, our designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

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

We do not own any patents, and do not have any pending patent applications, that are material to the franchise. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, proprietary software systems, and other written materials relating to the operation of Pod Plug Businesses and the System. We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.



You and your owners must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your owners must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You and your owners can give this confidential information only to your employees who need it to operate your Pod Plug Business. You must have your General Manager and any of your other personnel who have received or will have access to our confidential information, sign similar covenants. (See Item 15)

If you or your owners develop any new concept, process or improvement in the operation or promotion of your Pod Plug Business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

### **Franchise Agreement**

When you sign the Franchise Agreement, you must designate an individual to serve as your “Operating Owner.” The Operating Owner must be an individual holding a 10% or greater ownership interest in you, or, if you are an individual, you will be the Operating Owner. The Operating Owner must successfully complete our initial training program, must meet our qualifications and must be approved by us before you begin operations. The same person must act as the Operating Owner under the Franchise Agreements for all Pod Plug Businesses operated by you and, if applicable, your affiliates.

Without our written consent, your Operating Owner may not engage in any business other than the development and operation of your Pod Plug Business(es). Your Operating Owner must satisfy our initial and ongoing training requirements and our other standards and must personally guaranty your performance under the Franchise Agreement. If the franchise is owned by multiple people, then each of those owners will be individually, jointly and severally bound by the obligations set forth in the Franchise Agreement and must personally guaranty your performance under the Franchise Agreement. (See Item 1) Spouses of owners must also personally guaranty your performance under the Franchise Agreement.

Before beginning operations, you must also designate an individual who will serve as the “General Manager” for your Pod Plug Business and devote his or her full time and best efforts to the direct supervision of your operations. Unless a separate General Manager is approved by us, your Operating Owner will be your General Manager. If you wish to appoint someone other than your Operating Owner to serve as your General Manager, that person must devote his or her full-time best efforts to the direct supervision of your operations, must successfully complete our required training programs, and must be approved by us in writing.

One individual may not serve as the General Manager for more than one Pod Plug Business at the same time without our prior written consent. Even if we permit you to designate a General Manager to supervise your operations under the Franchise Agreement, your Operating Owner remains ultimately responsible for the performance of the Pod Plug Business and the General Manager's performance. The General Manager may not engage in any other business.

You must promptly notify us if your Operating Owner or any General Manager cannot continue or no longer qualifies to serve as an Operating Owner or General Manager, as applicable. You will have 30 days from the date of the notice (or from any date that we independently determine the Operating Owner or General Manager no longer meets our standards) to take corrective action acceptable to us. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement.

At our request, you must have your General Manager and any other personnel who will have access to our training, sign covenants not to compete, and such persons must maintain the confidentiality of information they have access to through their relationship with you. These covenants will be in substantially the form of Exhibit B to the Franchise Agreement. We have the right, in our sole discretion, to decrease the period of time or geographic scope of the noncompetition covenants or eliminate the noncompetition covenant altogether for any person who must sign an agreement described in this paragraph.

#### **ITEM 16: RESTRICTONS ON WHAT THE FRANCHISEE MAY SELL**

All products and services you use or sell at the Pod Plug Business must conform to our standards and specifications. These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Pod Plug Business.

You must offer and sell only the products and services that we have expressly approved in writing, and you must offer and sell each of the products and services we authorize for sale at Pod Plug Businesses. You must stop selling any products or services that we disapprove in writing.

At all times you must stock each of your vending machines only with products approved by us (which will include certain products that you must purchase only from us or our affiliate), and upon our written request you must include certain products designated by us in specific slots and/or a minimum number of slots in each of your vending machines.

There is no limit on our right to add or remove items from our standard list of products and services, and you must promptly comply with any changes that we make to that list. You must offer all products and perform all services using the procedures contained in our Manuals or other written instructions. You must not use or offer unapproved or nonconforming products or services unless we first give you our written consent. You must operate the Pod Plug Business during the hours we specify in the Manual or otherwise in writing.

We may make available to you, and may require you to purchase from us, for resale to your customers certain merchandise in amounts necessary to meet your customer demand.

You may only install, use and offer such equipment and machines as we have expressly approved in the Manuals or otherwise in writing.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

You may not sell any products at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent for such sale. Any such sale must be conducted in accordance with our System Standards. We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

## **ITEM 17: RENEWAL TERMINATION TRANSFER AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this disclosure document.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section IV.A	10-year initial term.
b. Renewal or extension of the term	Section IV.B	Two additional 5-year terms.
c. Requirements for franchisee to renew or extend	Section IV.B	<p>Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current Franchise Agreement, which may contain materially different terms and conditions from your original contract, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.</p> <p>Other requirements are:            Give written notice; update required items; not be in default; pay all money owed; retain right to your franchise location; pay us a renewal fee; sign general release; comply with then-current qualifications and training requirements.</p>
d. Termination by franchisee	Not Applicable	Not Applicable (your termination rights are subject to state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section XVIII.	We may terminate on your default.

g. "Cause" defined – curable defaults	Section XVIII.C.	For any default except those specified as non-curable you have 30 days to cure (except only 5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; and 10 days if you fail to comply with the noncompetition covenants).
h. "Cause" defined – non-curable defaults	Sections XVIII.A. and XVIII.B.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of Pod Plug Business at location or territory that we have not accepted; failure to construct the Pod Plug Business in accordance with requirements; failure to begin business within the required time period; abandonment (i.e. unauthorized closure for 72 hours or more) or forfeiture of right to do business; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program; default under any other franchise agreement and failure to cure; repeated defaults whether or not cured; assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws or regulations.

i. Franchisee's obligations on termination/nonrenewal	Section XIX.	Stop operating your Pod Plug Business and using the Pod Plug Business System, confidential methods, procedures, techniques, and Marks; cancel any registration containing the Marks; not use any imitation of the Marks; pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants; return all Manuals and other proprietary materials; furnish list of advertising/sales promotion materials bearing the Marks; at our option, sell or assign us your rights in business telephone numbers, advertising and promotional materials, furnishings equipment, and the premises; modify the appearance of the Pod Plug Business (including all vehicles) to our satisfaction.
j. Assignment of contract by franchisor	Section XV.A.	We may transfer our rights without restriction.
k. "Transfer" by franchisee – defined	Sections XV.B. and XV.C.	You must not transfer any direct or indirect interest in you, the Franchise Agreement or the assets of the franchised business without our consent.
l. Franchisor's approval of transfer by franchisee	Section XV.B.	We must consent and you must meet conditions before transferring.
m. Conditions for franchisor approval of transfer	Section XV.B.	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations; and obtain a one-year tail on insurance policies to cover liabilities that may have been incurred prior to the transfer. Transferee must meet our criteria, complete required training, guarantee obligations; enter into

		then-current franchise agreement and upgrade the Pod Plug Business.
n. Franchisor's right of first refusal to acquire franchisee's business	Section XV.D.	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Franchisor's option to purchase franchisee's business	Sections XIX.A(8) and (9) and XIX.B.	Upon termination or expiration, we have the option to purchase your advertising materials bearing the Marks at your cost. We will also have the option to acquire the assets of the Pod Plug Business from you (subject to any rights of approval retained by the owner of the leasehold) at fair market value. If you are not operating from your home, we will have the option to have the lease for the premises of the Pod Plug Business assigned to us.
p. Death or disability of franchisee	Section XV.E.	On death or permanent disability of you or an Owner the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section XI.C.(1)	You may not operate or have an interest in a business which is the same as, or similar to, the Pod Plug Business which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

r. Non-competition covenants after the franchise is terminated or expires	Sections XI.C.(2)	For 2 years following termination of the Franchise Agreement, you may not divert any of your business or customers to a competitor or have an interest in any business that is the same as, or similar to, the Pod Plug Business at the approved Location, within the Protected Area, within a 50-mile radius of your Protected Area, or within a 50-mile radius of any other Pod Plug Business' Protected Area then in existence.
s. Modification of the agreement	Sections XI.A. and XX.O.	All changes to the Franchise Agreement require mutual agreement, but you must comply with the Manuals as amended by us from time to time.
t. Integration/merger clause	Section XX.Z.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other written agreement is intended to disclaim representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section XX.F.	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.
v. Choice of forum	Sections XX.F., XX.G. and XX.M.	Unless contrary to applicable state law, mediation at the American Arbitration Association offices nearest to our principal place of business, except actions for monies owed, injunctive relief, or relief



		<p>related to real property, the Marks or confidentiality information.</p> <p>Venue for any litigation is the state courts in Dallas County, Texas, and Federal Courts in the Northern District of Texas. Any dispute or action between you and us will be of our and your individual claims. None of your claims will be litigated on a class-wide basis or otherwise consolidated with any claims of any third parties.</p>
w. Choice of law	Section XX.H.	Unless contrary to applicable state law, Texas law (except for Texas conflict of law rules).

## ITEM 18: PUBLIC FIGURES

We do not currently use any public figure to promote the franchise, but we reserve the right to use public figures in our future promotional efforts.

## 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 Franchise 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.

The following table presents historic gross revenue information on a unit-economics (i.e. per machine) basis for the company-owned Pod Plug vending machines that were in operation as of the date of this Disclosure Document. Our affiliate, Pod Plug, LLC, has been operating a Pod Plug business in Texas and other states since March 2019. Below we have provided monthly gross revenue information on a unit-economics (i.e. per machine) basis for our fiscal year 2024 (the “Reporting Period”).

We have not sold any franchises as of the date of this Disclosure Document, so we had no franchised locations in operation during the Reporting Period.

The information shown below is limited to gross revenues, gross margin and net margin information, all shown on a unit-economics (i.e. per machine) basis. This table only shows unit-economics on a per machine basis. It does not include all operating expenses incurred by us during the Reporting Period. For example, our company-owned business incurred various operating expenses during the Reporting Period that are not reflected in the table below, including, but not limited to, insurance, bookkeeping costs, food and travel expense, warehouse rent, labor/employee costs, software costs, fuel costs, parts and supplies, taxes or other expenses incurred by our affiliate during the Reporting Period. As a franchisee, you will incur many expenses that are not reflected in the table below.

The financial information below is taken from the unaudited books and records of our affiliate. This information has not been independently audited. The notes that follow the table are an integral part of the information presented in this item and provide information to help you better understand the financial information.

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

<b>Monthly Performance Per Active Company-owned Pod Plug Vending Machine in 2024</b>	
<b>Average Monthly Gross Revenue<sup>1</sup> Per Active Machine<sup>2 and 3</sup></b>	<b>\$1,162.79</b>
<b>Median Monthly Gross Revenue Per Active Machine</b>	<b>\$1,007.73</b>
<b>Highest Average Monthly Gross Revenue for Any Active Machine</b>	<b>\$5,234.08</b>
<b>Lowest Average Monthly Gross Revenue for Any Active Machine</b>	<b>\$200.29</b>
<b>Average Monthly Gross Margin<sup>1</sup> Per Active Machine<sup>2 and 3</sup></b>	<b>\$815.05</b> <b>(70.09% of Gross Revenue)</b>
<b>Average Monthly Gross Margin<sup>1</sup> Per Active Machine Minus Royalties and Brand Marketing Fund Payments<sup>2 and 3</sup> (8.5%)</b>	<b>\$716.21</b> <b>(61.59% of Gross Revenue)</b>
<b>Median Monthly Gross Margin Per Active Machine</b>	<b>\$710.02</b>
<b>Highest Monthly Gross Margin Pct. for Any Active Machine</b>	<b>81.29% of Gross Revenue</b>
<b>Lowest Monthly Gross Margin Pct. for Any Active Machine</b>	<b>56.79% of Gross Revenue</b>
<b>Average Monthly Net Margin<sup>1</sup> Per Active Machine<sup>2 and 3</sup></b>	<b>\$587.11</b> <b>(50.49% of Gross Revenue)</b>
<b>Median Monthly Net Margin Per Active Machine</b>	<b>\$531.19</b>
<b>Highest Average Monthly Net Margin Pct. for Any Active Machine</b>	<b>60.02% of Gross Revenue</b>
<b>Lowest Average Monthly Net Margin Pct. for Any Active Machine</b>	<b>11.52% of Gross Revenue</b>
<b>How Many of the Active Machines Exceeded the Average Monthly Gross Revenue shown above?</b>	<b>28 of 83 (34%)</b> <b>Exceeded the Average Monthly Gross Revenue</b>

**Notes:**

1. Gross Revenue, Gross Margin and Net Margin. The term “Gross Revenue”, as used in this Item 19, means the total selling price of all services and products and all income of every other kind and nature related to the applicable Pod Plug vending machines, whether for cash or credit and regardless of collection in the case of credit. The term “Gross Margin”, as used in this Item 19, means Gross Revenue minus costs of goods sold. The term “Net Margin”, as used in this Item 19, means Gross Revenue minus cost of goods sold, commissions paid to venues/hosts, e-cigarette/tobacco licenses, software licensing fees and T-Mobile fees. The “Net Margin” figures shown above do not include all of the expenses incurred by our affiliate during the Reporting Period, and such figures also do not include deductions for fees that franchisees will pay to us under a franchise agreement, such as royalties, brand marketing fund payments and technology fees.
2. Active Machines. Of the 83 active vending machines used to calculate the figures in the table above, 40 of 83 (48%) machines were actively operating in our system during all 12 months of the Reporting Period. Of the other 3 machines, 10 machines were sold by our affiliate to a third party purchaser in March and June of 2024, some machines were first installed at new locations during the Reporting Period, and a some machines ceased operation during the Reporting Period for various reasons. 55 of the 83 (66%) machines were in operation by our affiliate for 6 months or more during the Reporting Period.
3. Multi-State Operations. Our company-owned Pod Plug Business operates vending machines primarily in the State of Texas but also operates a small number of vending machines in California and Mississippi.
4. Operating Expenses. The information shown in the table above is limited to gross revenues, gross margin and net margin information, all shown on a unit-economics (i.e. per machine) basis. This table only shows unit-economics on a per machine basis. It does not include all operating expenses incurred by our affiliate during the Reporting Period. For example, our company-owned business incurred various operating expenses during the Reporting Period that are not reflected in the table below, including, but not limited to, insurance, bookkeeping costs, food and travel expense, warehouse rent, labor/employee costs, software costs, fuel costs, parts and supplies, taxes or other expenses incurred by our affiliate during the Reporting Period. As a franchisee, you will incur many expenses that are not reflected in the table above.

Written substantiation of the data used in preparing of this financial performance representation will be made available to you upon your reasonable request.

Except as set forth above in this Item 19, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Ethan Kohan at 220 S. Sylvania Avenue, Suite 106, Fort

Worth, Texas 76111 or (310) 430-0031, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**  
**Systemwide Outlet Summary**  
**For years 2022 to 2024<sup>(1)</sup>**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

**Notes:**

1. All numbers are as of our fiscal year end, which ends on December 31st.

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

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

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

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2022 to 2024<sup>(1)</sup>**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas <sup>2</sup>	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

**Notes:**

1. All numbers are as of our fiscal year end, which ends on December 31st.
2. We have only one company-owned Pod Plug Business, which operates vending machines primarily in the State of Texas, but that business also operates a small number of vending machines in California and Mississippi.

**Table No. 5**  
**Projected Franchise Openings As Of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Current Fiscal Year
Florida	0	2	0
Georgia	0	2	0
Texas	0	2	0
Total	0	6	0

The name and business address and telephone number of each of our current franchisees is attached to this Disclosure Document as Exhibit G.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is listed on Exhibit H to this Disclosure Document.

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

None of our franchisees have signed confidentiality agreements with us during the past 3 years.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the Pod Plug franchise system.

## **ITEM 21: FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document is our unaudited balance sheet dated as of December 31, 2024. Because we have only been offering franchises since March of 2025, we do not yet have available all the financial statements that would otherwise be required to be contained in this Disclosure Document. Our fiscal year ends on December 31.

## **ITEM 22: CONTRACTS**

Attached to this Disclosure Document as Exhibit A is a copy of the current form of Pod Plug Franchise Agreement (with attachments), and attached as Exhibit I is a copy of our current Vending Machine Rental Agreement for vending machine rentals.

**ITEM 23: RECEIPTS**

Attached as the last two pages of this Disclosure Document are duplicate Receipt pages to be signed by you. Keep one for your records and return the other one to us.

**EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

**SEE FOLLOWING PAGE**





**POD PLUG**

**FRANCHISE AGREEMENT**

Ex. A to the Franchise Disclosure Document issued as of: 3/19/2025, amended 8/7/2025 and 9/19/2025

**POD PLUG  
FRANCHISE AGREEMENT**

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**EXHIBITS**

Exhibit A	Owners' Guaranty and Assumption Agreement
Exhibit B	Confidentiality and Noncompetition Agreement
Exhibit C	Franchise Location, Protected Area, and Opening Date
Exhibit D	Ownership and Management Information
Exhibit E	Electronic Funds Transfer Authorization
Exhibit F	Assignment of Telephone Numbers
Exhibit G	State Specific Addenda

**POD PLUG  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between Pod Plug Franchising, LLC, a Texas limited liability company having its principal business address at 220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111 (“Franchisor,” “we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ having its principal business address at \_\_\_\_\_ (“Franchisee,” “you,” or “your”).

**RECITALS:**

We have the right to use, and license the use of, a business system (the “System,” as further defined below) for the establishment and operation of a vending machine business offering stand-alone and wall-mounted vending machine options focused on serving adult nightlife businesses (bars, clubs, etc.) with each vending machine offering a variety of products, such as vapes, gum, mints, condoms, tampons, emergency pre-charged phone chargers, mystery bags, card games, and disposable cameras, etc. (each, a “Pod Plug Business”).

Pod Plug Businesses operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks,” as further defined below).

You wish to obtain a franchise to establish and operate a Pod Plug Business using the Marks and the System at the Franchise Location (defined below) specified in Exhibit C to this Agreement.

We are willing to grant you a franchise to do so upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

**I. DEFINITIONS**

“Affiliate” or “Affiliates” of a named person means any person or entity that is controlled by, controlling or under common control with the named person.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“Brand Marketing Fund” or “Fund” means the marketing fund described in Section IX.C. of this Agreement.

“Business Day” means each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

“Computer System” means the computer hardware and software (including, without limitation, any proprietary Pod Plug Application we may develop and any other back-office/CRM software or point-of-sale software required by us meeting our specifications and manufactured by a manufacturer designated in writing by us) and other electronics or point-of-sale devices that we may designate from time to time for use in the operation of Pod Plug Businesses.

“Confidential Information” means all proprietary and confidential information relating to the establishment and operation of Pod Plug Businesses, including, without limitation: (i) our standards and specifications, including equipment, product, and supplier standards and specifications; (ii) site selection criteria; (iii) any processes,

procedures and techniques used in operating a Pod Plug Business; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of Pod Plug Businesses, other than your Pod Plug Business; (viii) computer programs and systems, including all information contained in such systems (e.g. customer information, electronic data files and passwords, etc.), and (ix) Improvements (as defined in Section XI.D.).

“Control” or “Controlling Interest” 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.

“Cooperative” means an advertising cooperative, as described in Section IX.B. of this Agreement.

“Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic/pandemic, fire or other catastrophe or other forces beyond a party’s control.

“Franchise Location” means the address of the premises, located by you and accepted by us, at which the Pod Plug Business is located, as listed in Exhibit C to this Agreement.

“General Manager” means any person designated pursuant to Section VII.E.(2) of this Agreement to manage the day-to-day operations of the Pod Plug Business to be operated under this Agreement.

“Gross Sales” means the total selling price of all products and services (including, but not limited to, any revenue you earn from marketing and advertising sold to third parties for display on, or in connection with, your vending machines, provided that you may only offer or sell marketing and advertising for display on, or in connection with, your vending machines with our prior written consent) and all income of every other kind and nature related to the Pod Plug Business, whether for cash or credit and regardless of collection in the case of credit. Without limiting the foregoing, “Gross Sales” includes all proceeds from the sale of goods purchased with coupons, gift cards/certificates or vouchers; provided that funds received by you upon selling a gift card/certificate or voucher are not deemed to be part of your Gross Sales until the gift card/certificate or voucher is redeemed for goods at your Pod Plug Business, at which time you must count the retail value of the products sold in determining Gross Sales for royalty purposes and for other fees calculated in respect of Gross Sales (i.e. because you are not required to record and report sales proceeds for royalty purposes when the coupon, gift card/certificate or voucher is sold, you are required to pay royalties based on the retail value of the products provided in exchange for the coupon, gift card/certificate or voucher unless the gift card/certificate or voucher is redeemed at a different Pod Plug Business). “Gross Sales” does not include (i) sales taxes you collect from customers of the Pod Plug Business, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Pod Plug Business or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Pod Plug Business or having any material effect upon the ongoing operation of the Pod Plug Business.

“Manual” or “Manuals” means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Pod Plug Businesses and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, videos, audio tapes, compact discs, flash drives, CD-ROMs and other electronic communications.

“Marks” means the trade names, trademarks, service marks, logos, emblems and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the mark “POD PLUG”.

“Opening Date” means the date the Pod Plug Business first opens for business to the public.

“Operating Owner” means the Owner designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of the Pod Plug Business.

“Owners” means those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

“Pod Plug Business” means the Pod Plug vending business operated by you pursuant to this Agreement, including all assets used in connection with its operation.

“Protected Area” means the geographic area assigned to you upon your acquisition of the Franchise Location and described on Exhibit C, within which you will be afforded the protections described in Section II.B. of this Agreement.

“Software Programs” means the proprietary or other software programs we develop or acquire for use by Pod Plug Businesses, including any proprietary Pod Plug Application we may develop.

“System” means our comprehensive methods and procedures for the establishment, management and operation of Pod Plug Businesses, including the Confidential Information, our Manuals, proprietary software systems (including any proprietary Pod Plug Application we may develop), the Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation, distinctive design and color scheme, special processes, services or techniques we have developed; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; any proprietary software systems we may develop (including any proprietary Pod Plug Application we may develop), procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

“Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed by federal tax authorities on our net income.

“Venue” means a bar, nightclub, event venue, live music venue, casino, adult entertainment establishment, or other business establishment that falls within our list of approved NAICS (North American Industry Classification System) codes, which are industry-specific codes established and maintained by the U.S. Office of Management and Budget and the U.S. Census Bureau. We reserve the right to add or delete NAICS codes from our approved list from time to time upon written notice to you.

## **II. GRANT**

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a Pod Plug Business under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the Pod Plug Business from the Franchise Location (and to provide products and services only within your Protected Area) in accordance with this Agreement and our standards. You are not authorized to offer or sell advertising or marketing of any kind on, or in connection with, your vending machines unless expressly authorized by us in writing, and you are not authorized to offer any of the products and services offered by Pod Plug Businesses at wholesale.

B. Protected Area. Your Protected Area will be described in Exhibit C. Except as provided in Section II.C., and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will establish, or authorize any person or entity other than you to establish, a Pod Plug Business in the Protected Area during the term of this Agreement. For purposes of this Agreement, any business entity or person who places and/or services one or more Pod Plug vending machines in your Protected Area would be deemed to have established a Pod Plug Business in your Protected Area.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Pod Plug Businesses at any location outside the Protected Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area to

develop and establish other business systems (including systems that distribute products or services similar to those offered at Pod Plug Businesses) using other names or marks and to grant licenses to others to use those systems at any locations; (iii) to advertise and promote the System in the Protected Area; (iv) to acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; (v) except for the restriction in Section II.B. against the establishment of another Pod Plug Business in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all similar or dissimilar services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution (including, but not limited to, sales via the Internet, sporting/mass gathering events, sales in retail outlets, wholesale sales, catalog sales, telemarketing and other direct marketing sales) regardless of the competitive impact on your Pod Plug Business; and (vi) sell advertising and marketing space on your vending machines to any parties at our discretion without compensating you, and we may prohibit you from selling advertising and marketing space on your vending machines.

### **III. SITE SELECTION, CONSTRUCTION AND OPENING DATE**

A. Site Selection and Acquisition. You assume all cost, liability, expense and responsibility for locating and obtaining a site for operating your Pod Plug Business (which may be your home) and the sites for placement and operation of each of your Pod Plug vending machines, provided that each vending machine must be located within your Protected Area. Following your selection, and our acceptance, of a site for your Pod Plug Business, the Franchise Location will be identified in Exhibit C to this Agreement.

(1) You must identify and secure a site for your Pod Plug Business (which may be your home) and the sites for placement and operation of each of your Pod Plug vending machines which meet our minimum standards and, unless otherwise approved by us, are located within your Protected Area. We anticipate that your Pod Plug Business will be operated from your home. However, if you do not live within your Protected Area or your home is not a suitable site for your Pod Plug Business, then you must find a site within the Protected Area that meets our minimum standards (which may, at our option, include your use of a warehouse or virtual office space located in the Protected Area). We must accept the site as meeting our minimum standards before you may begin using such site for your Pod Plug Business. You cannot place your Pod Plug Business or a Pod Plug vending machine at a site we have not first accepted in writing. We do not provide written site selection guidelines, but if you request (or we deem it appropriate) we will assist you in selecting a site that meets our minimum site standards.

(2) If you wish to operate your Pod Plug Business from a location that is not your home/primary residence, then before acquiring a site for the Pod Plug Business, you must submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require.

(3) We shall have fifteen (15) days after receiving all required site information to accept or reject, in our sole discretion, the proposed site as the location for your Pod Plug Business. No site may be used for a Pod Plug Business unless it is first accepted in writing by us, and you shall not make any binding commitment with respect to a site for your Pod Plug Business unless the site is first accepted in writing by us. You acknowledge that our acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Pod Plug Business operated at that site will be profitable or otherwise successful.

(4) If you wish to obtain rights to a site other than your home, then promptly following our acceptance of the site for your Pod Plug Business, you shall acquire the site by purchase or lease, at your expense.

(5) After we accept a site and you acquire the site pursuant to this Agreement, the address of such site shall be entered on Exhibit C to this Agreement as the Franchise Location and the Protected Area around the Franchise Location will be described on Exhibit C.

B. Franchise Location; Relocation. You have been granted the right to operate a Pod Plug Business only from the Franchise Location listed in Exhibit C to this Agreement. You must not relocate your Pod Plug Business without our express prior written consent. If you are unable to continue the operation of your Pod Plug Business at the Franchise Location because of the occurrence of an event of Force Majeure or for other reasons not

constituting an event of default under this Agreement, you may request our consent to relocate the Pod Plug Business to another location in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Pod Plug Business at the Franchise Location. If we grant you the right to relocate your Pod Plug Business, you must pay us a relocation fee in an amount equal to our expenses related to, or resulting from, your relocation, and you must comply with such reasonable site selection and construction procedures as we may require.

C. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the operation of the Pod Plug Business within your Protected Area, and you must comply with any local laws, ordinances and codes at your expense.

D. Construction and Finish Out. If you intend to operate from a site other than your home then you must obtain, at your expense, all architectural, construction and other services necessary for the construction of the Pod Plug Business, but we do not require you to engage in any construction or renovation of a site to be used for operating your Pod Plug Business. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s).

(1) You must submit any architecture and design plans and specifications to us for review within fifteen (15) days after you receive them. We will notify you of any objections to the plans within fifteen (15) days of receiving them. You acknowledge that our review of the plans is only for the purpose of determining compliance with our System standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) If applicable, you must promptly commence and diligently pursue construction of the Pod Plug Business. You must not open the Pod Plug Business for business without our written authorization, which will be conditioned upon your strict compliance with this Agreement.

E. Opening Date. You must begin operating the Pod Plug Business (i.e. actively engaging in business activities) within sixty (60) days after the Effective Date of this Agreement, and you must have at least one Pod Plug vending machine installed and operating within ninety (90) days after the Effective Date of this Agreement. You acknowledge that time is of the essence. Your failure to timely begin operating the Pod Plug Business in compliance with these provisions will be deemed a material event of default under this Agreement.

#### IV. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until ten (10) years from the Opening Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for up to two (2) additional terms of five (5) years each, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of renewal:

(1) You must give us written notice of your election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

(2) You must refurbish, repair or replace, at your expense, all vending machines, vehicles, equipment, Computer Systems, signs, supplies and other items required for the operation of the Pod Plug Business as we may reasonably require and must otherwise upgrade the Pod Plug Business to reflect the then-current standards and image of the System;

(3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;

(4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;

(5) You must present evidence satisfactory to us that you have the right to remain in possession of the Franchise Location during the entire renewal term or obtain our consent to a new site for the Pod Plug Business;

(6) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees;

(7) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(8) You must pay us a renewal fee in an amount equal to Ten Percent (10%) of our then-current initial franchise fee; and

(9) You must comply with our then-current qualification and training requirements.

## **V. FEES**

A. Initial Franchise Fee. Immediately upon your execution of this Agreement, you must pay us an initial franchise fee as follows:

- (1) \$35,000 for a Pod Plug Prep franchise (less than 100 “Venues” in the Protected Area);
- (2) \$45,000 for a Pod Plug Prime franchise (between 100 and 249 “Venues” in the Protected Area); or
- (3) \$60,000 for a Pod Plug Prestige franchise (between 250 and 350 “Venues” in the Protected Area).

The type of franchise you are purchasing under this Agreement is set forth in Exhibit C to this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us.

B. Royalty Fee. During the term of this Agreement, you must pay us continuing weekly royalty fees in an amount equal to Eight Percent (8%) of your weekly Gross Sales (with payments due each Monday for royalties accrued during the prior work week, which begins on Friday and ends on the following Thursday). You must pay the royalty fee via electronic funds transfer or any other means we reasonably specify. The royalty fee will be due on Monday of each week during the term of this Agreement, provided that if the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. On each royalty due date during the term of this Agreement, you must provide a Gross Sales Report to us for the applicable royalty period.

C. Technology Fees. During the term of this Agreement, you must pay us continuing weekly Technology Fees in the amount of \$12 per week for each Pod Plug vending machine in your Protected Area. These fees are payable at the same time and in the same manner as your royalty payments, as described above. We may, in our sole discretion, increase the amount of the Technology Fees (up to a maximum of \$25 per week for each Pod Plug vending machine in your Protected Area) upon 30 days’ prior written notice to you.



D. Vending Machine Merchandise. You must purchase all vending machine merchandise items (i.e. all items to be stocked in your vending machines) only from us or our affiliate, and the prices for such items will vary by item from time to time as established by us or our affiliate.

E. Vending Machines. You will have the option to either purchase or lease the vending machines to be used in your Pod Plug Business, provided that all of your machines must be purchased or leased directly from us, and we reserve the right to profit from such sales and rentals. Regardless of whether you elect to purchase or lease your vending machines, you must purchase any replacement parts needed for repairs or maintenance to such machines only from us. If you choose to participate in our machine rental program, you must comply with all terms and conditions established by us for such program. We reserve the right to modify the terms of the rental program or change to a third-party designated vendor for machine rentals in the future, subject to providing you with reasonable notice of such changes. The machine rental program terms and conditions will be part of your broader obligation to comply with all of our standards and specifications for vending machine operation, maintenance, and appearance. You are solely responsible for ensuring that all rented machines meet our quality standards throughout the term of this Agreement. If we change to a third-party designated vendor for machine rentals in the future, you will be required to lease all of your machines from our designated vendor, and we reserve the right to receive compensation from such designated vendor in connection with your participation in the machine rental program. Our current vending machine pricing and standard lease terms are as follows, but we reserve the right to increase these fees upon written notice to you, provided that we may not increase these fees more than once in any 12-month period:

- 36-month rental rates with a 1-year limited manufacturer defects warranty:
  - \$150 per month for hotspot machines
  - \$160 per month for spotlight machines
  - \$190 per month for bouncer machines
- Purchase/Cash price for new machines:
  - \$4,599 for hotspot machines (+ shipping)
  - \$4,999 for spotlight machines (+ shipping)
  - \$5,399 for bouncer machines (+ shipping)
- Depreciated buyout prices (after initial 36-month rental term):
  - \$1,609.65 for hotspot machines
  - \$1,749.65 for spotlight machines
  - \$1,889.65 for bouncer machines

F. Other Fees and Payments. In addition to the initial franchise fee and weekly royalty payments, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

G. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the applicable due date will be deemed past due. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also agree to pay us a late payment fee equal to \$250 for each delinquent payment under this Agreement.

(2) Our acceptance of any payments delivered subsequent to the applicable due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due to us on account of our breach or alleged breach of this Agreement, and you have no right to offset any amount due to us against any obligation that we may owe to you.

(5) Payments you owe to us shall be made free and clear and without deduction for any Taxes.

H. Electronic Funds Transfer. You agree to execute Exhibit E to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer (“EFT”) in the amount of the royalty fees, the Brand Marketing Fund contributions (described in Section IX.C.), technology fees, and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales will be based on the information we obtain pursuant to Section XII.C. of this Agreement or the Gross Sales Report. If we have not received a Gross Sales Report within the time period required by this Agreement, then we may process an EFT for the applicable royalty period based on the most recent Gross Sales Report provided to us by you; provided, that if a Gross Sales Report for the applicable royalty period is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Should your bank fail to honor any EFT for any reason, you agree that you will be responsible for promptly delivering such payment directly to us and reimbursing us for any service charge or other costs or expenses we incur. If any payments are not received when due, interest may be charged in accordance with Section V.G. Upon written notice to you, we may designate another method of payment.

I. Initial Equipment and Inventory Package. Upon signing this Agreement, you must either purchase an all-inclusive initial equipment and inventory package from us (which includes 3 Pod Plug vending machines and your initial inventory for stocking those machines) at a cost ranging from \$17,700 to \$23,000, or you must initially lease at least 3 Pod Plug vending machines from us. If you choose not to purchase our all-inclusive initial equipment and inventory package, then you will be required to lease your initial 3 vending machines (or more machines, at your option) from us in accordance with our rental terms and conditions, and you will be required to purchase our inventory-only initial package at a cost ranging from \$3,000 to \$5,000.

J. Annual Conference Fees. You must pay our then-current registration fees for our annual franchise conference (up to \$500 per person), which we may host at a location selected by us. If we schedule an annual franchise conference, you must attend. If you do not attend, you will still be required to pay us registration fees for one person (up to a maximum of \$500) regardless of your failure to attend.

## **VI. OUR OBLIGATIONS**

We agree to provide the following services or cause them to be provided to you:

A. Manuals. Access to one (1) set of the Manuals (in electronic format only), which we may amend from time to time at our sole discretion upon written notice to you.

B. Training. An initial training program for your Operating Owner (and General Manager, if applicable), and additional training programs in accordance with Section VIII.A. Upon your reasonable request or if we determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you

to pay the daily fee we are then charging for remedial training (currently \$500 per trainer per day), and pay or reimburse us for all expenses incurred by our representatives, including the costs of travel, lodging and meals.

C. Opening Assistance. Such on-site pre-opening and opening assistance as we reasonably deem necessary (one day of on-site assistance), provided that we may choose, at our option, not to provide you any on-site assistance if you have previously operated a Pod Plug Business.

D. Software Programs. For a reasonable fee, any Software Programs that we acquire or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

E. Inspections. Inspections of the Pod Plug Business and evaluations of the products sold and services offered and sold at and from your Pod Plug Business from time to time, as reasonably determined by us.

F. Advertising. Administration of a Brand Marketing Fund in accordance with Article IX. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting Pod Plug Businesses.

G. Operational Advice. Advice, which may be verbal or written, concerning strategies for placement of vending machines within your Protected Area and techniques for managing and operating Pod Plug Businesses, including new developments and improvements in the System.

H. Vending Machines and Merchandise. We will provide to you, at a reasonable costs determined by us from time to time, Pod Plug vending machines and various approved products (which may be adjusted by us from time to time in our sole discretion) that must be offered and sold in each of your vending machines, and we may also provide other branded items identifying the System, such as clothing other memorabilia, in sufficient amounts to meet customer demand.

I. Approved Suppliers. From time to time as we deem appropriate, a list of approved suppliers.

J. Equipment List. Details for the list of equipment required for your operations.

## **VII. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **A. Your Investigation of this Franchise.**

(1) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(2) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests.

B. Your Organization. If you are a corporation, partnership, limited liability company or other legal entity:

(1) You are duly organized and validly existing under the law of the state of your formation;

(2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

(3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of Pod Plug Businesses. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business (other than a Pod Plug Business or other business licensed by us or our affiliate) that is the same as or similar to a Pod Plug Business (including any business that operates or owns vending machines or otherwise offers vending services or products);

(4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and

(5) You have provided to us prior to the execution of this Agreement, and will from time to time during the term of this Agreement at our request provide to us, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

(1) If you are a corporation, partnership, limited liability company or other legal entity, the ownership interests in you are accurately and completely described in Exhibit D. You agree to maintain at all times a current list of all your Owners and to make your list of Owners available to us upon request.

(2) If you are a corporation, you agree to maintain stop-transfer instructions against the transfer on your records of any of your equity securities and to conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) Unless otherwise agreed in writing by us, you must cause each of your Owners to execute the Guaranty and Assumption Agreement attached as Exhibit A to this Agreement, jointly and severally guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you agree to provide us with any and all loan or other documents regarding the financing of the Pod Plug Business.

(3) You agree to maintain at all times during the term of this Agreement sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You agree to designate upon the execution of this Agreement, and to retain at all times during the term of this Agreement, an individual to serve as your Operating Owner. Your Operating Owner must be

an individual holding a 10% or greater ownership interest in you, or, if you are an individual, you will be the Operating Owner. The Operating Owner must meet our qualifications and must be approved by us. Unless a separate General Manager is approved by us as described in Section VII.E(2), your Operating Owner must devote full time and best efforts to the direct supervision of the Pod Plug Business(es) operated by you and your Affiliates. Without our written consent, your Operating Owner shall not engage in any business other than the operation of your Pod Plug Business(es). Your Operating Owner and any General Manager whom we approve must be empowered with full authority to act for you.

(2) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement a General Manager who meets our qualifications to supervise the operation of your Pod Plug Business. Your Operating Owner may serve as the General Manager of your Pod Plug Business, provided that he or she may not serve as the General Manager for more than one Pod Plug Business at the same time. Subject to our written consent, you may elect to designate an individual other than your Operating Owner for the position of General Manager. Your General Manager must devote full time and best efforts to the supervision of the Pod Plug Business operated by you and your Affiliates and, without our written consent, shall not engage in any other business. You acknowledge and agree that the appointment of a General Manager will not relieve your Operating Owner of his or her supervisory responsibilities for the operation and performance of your Pod Plug Business. You and your Operating Owner shall remain fully responsible for your General Manager's performance. Each Pod Plug Business must have a different General Manager.

(3) You shall inform us in writing if you appoint any assistant managers for your Pod Plug Business. The assistant managers, if applicable, shall meet our qualifications, shall devote full time and best efforts to the day-to-day operation and management of the Pod Plug Business and shall not engage in any other business activity without our prior written consent.

(4) The names of your Operating Owner and General Manager shall be listed in Exhibit D to this Agreement, and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Operating Owner or General Manager cannot continue or no longer qualifies to serve in that capacity and must take corrective action acceptable to us within thirty (30) days after any such notice. During such thirty (30) day period, you must provide for interim management of your operations in accordance with this Agreement. Any failure to comply with this Section VII.E. will be a material breach of this Agreement.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you must comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you certify that neither you nor any of your Owners, employees or anyone associated with you is listed in connection with any Anti-Terrorism Law and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You also agree to comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data. You acknowledge and agree that you shall be solely responsible for any costs, expenses, damages or other liabilities incurred by you or us as a result of, or in connection with, your failure to comply with any PCI standards.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Pod Plug Business, any related business listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the Pod Plug Business and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the Pod Plug Business; and (ii) to obtain any and all returns and reports related to the Pod Plug Business that you file with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you agree to execute such forms and documents as we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and you Owners make the foregoing representations, warranties and covenants understanding that such representations, warranties and covenants are continuing obligations. You agree to cooperate with us to verify your and your Owners' continuing compliance with such representations, warranties and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

### **VIII. OPERATIONS**

A. Training. Your Operating Owner and General Manager must successfully complete our initial management training program to our satisfaction at least one week prior to the opening of your Pod Plug Business. Any successor or replacement Operating Owner or General Manager must successfully complete our management training program within a reasonable time after such persons are designated, provided that each successor or replacement must successfully complete training no more than thirty (30) days after the date on which his or her predecessor ceased to be employed by you (or ceased to serve as Operating Owner, as applicable). If the Pod Plug Business operated under this Agreement undergoes a transfer of ownership, the new Operating Owner (and the General Manager if different from the Operating Owner) must attend and complete our initial management training program to our satisfaction no later than 30 days from the date of such transfer. These persons, and any of your other personnel whom we may designate, must attend and complete any additional training that we may require from time to time. In addition, we may, at our option, conduct periodic franchisee conventions at a location designated by us, and your Operating Owner and/or General Manager must attend such conventions. At our option, we may certify your Operating Owner or General Manager (following their completion of all applicable training as required by us) as a "Certified Trainer" authorized to provide and conduct one or more designated training programs (as determined by us) for new or replacement employees at your Pod Plug Business; provided, however, that we reserve the right to test any employees trained by a Certified Trainer and to require any Certified Trainer and any of your employees to successfully complete additional training programs conducted by us from time to time. Initial management training for your Operating Owner and General Manager is provided at our offices in Fort Worth, Texas (or other location(s) we designate) at no charge; however, we reserve the right to charge a reasonable fee for training any additional persons (a daily fee of up to \$500 per person, plus you must pay for all costs of travel, lodging, meals and wages), including any successor or replacement personnel, and for any additional training programs. Such additional training shall be conducted at locations we designate. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel. If any Operating Owner or General Manager fails, in our sole judgment, to satisfactorily complete our management training program, and you fail to cure such default within ninety (90) days following written notice from us, we may terminate this Agreement.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the Pod Plug Businesses and the importance of complying with all of our standards and specifications relating to the operation of the Pod Plug Businesses. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you agree to conduct your business in accordance with the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of Pod Plug Businesses. At all times you must stock each of your vending machines only with products approved by us (which will include certain products that you must purchase only from us or our affiliate), and upon our written request you must include certain products designated by us in specific slots and/or a minimum number of slots in each of your vending machines. We reserve the right to profit from sales of these products to you.

C. Maintenance of the Pod Plug Business and Vehicle. You agree to maintain the Pod Plug Business (including, but not limited to, all vending machines) in a high degree of sanitation and repair, and to make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting, repair or replacement of vending machines, vehicles, signs, furnishings, décor, and equipment (including, but not limited to, Computer Systems) as we may reasonably direct. You also agree to obtain, at your expense, any new or additional equipment (including, but not limited to, vending machines or Computer Systems), fixtures, supplies and other products and materials which we may reasonably require for you to offer and sell new services or products from the Pod Plug Business or to provide such services or products by alternative means. No alterations, improvements or changes of any kind in merchandise for sale, design, equipment, signs, decor items, fixtures or furnishings shall be made in or about the Pod Plug Business, or to any Pod Plug vending machine, without our prior written approval. If you do not already own a vehicle that meets our standards and specifications, we will require you to purchase or lease a vehicle (which must be new or not more than 10 years old, in good working order and without significant body damage). Your vehicle must meet all of our standards and specifications (including our appearance and reliability standards) for use in connection with your Pod Plug Business. We also require that you purchase two customized Pod Plug vehicle decals for your vehicle. You must have at least one operating vehicle approved by us to begin operations.

D. Upgrade of the Pod Plug Business. Promptly upon our request, you must make improvements, renovations, updates and upgrades to the Pod Plug Business (including, but not limited to, all vending machines) to conform it to our then-current standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section VIII.D. on or after the third anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of the Pod Plug Businesses then operated by us or our Affiliates have made or are utilizing best efforts to make such improvements.

E. Sourcing of Products and Stocking of Vending Machines.

(1) You agree to comply with all of our standards and specifications for the purchase of all vending machines and vending machine merchandise, inventory, supplies, materials, equipment, Computer Systems, and other products used in, or offered for sale by, the Pod Plug Business. At all times you must stock each of your vending machines only with products approved by us (which will include certain products that you must purchase only from us or our affiliate), and upon our written request you must include certain products designated by us in specific slots and/or a minimum number of slots in each of your vending machines. We reserve the right to profit from sales of these products to you. If we have approved or designated suppliers (which will include us or our Affiliates or third party manufacturers, distributors and other sources) for any such item, you agree to obtain these items from those suppliers. Our approved or designated suppliers are those who demonstrate on a continuing basis the ability to meet our standards and specifications; who have adequate quality controls and the capacity to supply the needs of the Pod Plug franchise network promptly and reliably over an extended period of time; and who have been approved in writing by us and who have not thereafter been disapproved by us. We may designate ourselves, our Affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. You agree that we and our Affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our Affiliates provide to you and from payments made to us or our Affiliates by suppliers that we designate or approve for some or all of our franchisees), and that you may be required to purchase certain products based on the number of products and services that your Pod Plug Business is providing.

(2) You will have the option to either purchase or lease the vending machines to be used in your Pod Plug Business, provided that all of your machines must be purchased or leased directly from us, and we reserve the right to profit from such sales and rentals. Regardless of whether you elect to purchase or lease your vending machines, you must purchase any replacement parts needed for repairs or maintenance to such machines only from us, and we reserve the right to profit from such sales and rentals. If you choose to participate in our machine rental program, you must comply with all terms and conditions established by us for such program. We reserve the right to modify the terms of the rental program or change to a third-party designated vendor for machine rentals in the future, subject to providing you with reasonable notice of such changes. The machine rental program terms and conditions will be part of your broader obligation to comply with all of our standards and specifications for vending machine operation, maintenance, stocking and appearance. You are solely responsible for ensuring that all rented machines meet our quality standards throughout the term of this Agreement. If we change to a third-party designated vendor for machine rentals in the future, you will be required to lease all of your machines from our

designated vendor, and we reserve the right to receive compensation from such designated vendor in connection with your participation in the machine rental program.

(3) If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You will be required to pay us a testing/inspection fee equal to the greater of (a) \$500 or (b) the cost of inspection and testing (including our administrative expenses), provided that if the product or service tested is adopted for system-wide use by all Pod Plug franchisees, then we will refund this fee. In addition, you must reimburse us for any costs or expenses we incur in connection with the evaluation of a proposed supplier over and above the testing/inspection costs. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we revoke our approval of any supplier, you agree to promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section VIII.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You agree to operate the Pod Plug Business in full conformity with our methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you agree:

(1) To sell, or offer for sale, all products and services we require using the method and manner of distribution we prescribe. Distribution methods must be expressly authorized by us in writing in the Manuals or otherwise;

(2) To sell, and offer for sale, only the products and services that we have expressly approved for sale in writing; and to discontinue selling and offering for sale any products or services and any method or manner distribution which we may disapprove in writing at any time;

(3) To maintain in sufficient supply and to use and sell at all times only those items, products, materials, and supplies that conform to our standards and specifications; to conduct all services in accordance with our standards, specifications and procedures; to use the brand and/or type of products we require; and to refrain from deviating from our standards and specifications by using or offering non-conforming items or services without our prior written consent;

(4) To permit us or our agents, at any reasonable time, to remove samples of any items from the Pod Plug Business (including any of your vending machines), without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) To purchase or lease and install, at your expense, all fixtures, furnishings, vending machines or other equipment, Computer Systems, decor items, signs, and related items that we may reasonably direct from time to time; and to refrain from installing or permitting to be installed, without our prior written consent, any fixtures, furnishings, vending machines or other equipment, decor items, signs or other items not previously approved as meeting our standards and specifications;

(6) To grant us and our agents the right to enter the Pod Plug Business at any reasonable time to conduct inspections of your vending machines; to cooperate with our representatives conducting the inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without



limiting our other rights under this Agreement), to take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) To at all times operate your Pod Plug Business under the direct, on-site supervision of at least one person who has successfully completed our management training program pursuant to Section VIII.A of this Agreement; to at all times maintain a competent, conscientious, trained staff and to take any and all steps necessary to ensure that your employees preserve good customer relations and comply with any dress code we may prescribe;

(8) To install and operate only such vending machines and other equipment as we have expressly approved in the Manuals or otherwise in writing; and

(9) To keep the Pod Plug Business open and in operation for the days and hours that we may from time to time prescribe.

G. Computer Systems. You agree to use the Computer Systems (if any) that we specify from time to time for use in the operation of the Pod Plug Business. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, any proprietary Pod Plug Application we may develop and/or a license to use other Software Programs developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within thirty (30) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You acknowledge and agree that we and our designated vendors, as applicable, shall have independent access to, and the right to retrieve and use, any information stored on your Computer Systems and related systems (thereby permitting us to at all times inspect and electronically monitor information concerning your Pod Plug Business' Gross Sales and such other information as may be contained or stored in such equipment and software). You further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for or by us that are licensed to you and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints. You agree to process and handle all consumer complaints connected with or relating to the Pod Plug Business, and to promptly notify us of all safety or health violations or allegations of such violations, claims exceeding One Thousand Dollars (\$1,000), and any other material claims against or losses suffered by you. You also agree to maintain, and to promptly notify us of, any communications with governmental authorities affecting the Pod Plug Business during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

I. Internet Website. You agree to install and maintain all hardware and software needed to access the Internet at the bit speed we require from time to time. You further agree that you will not establish any website or other account or listing on the Internet except as provided herein.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media, including but not limited to Internet websites or accounts (including social media pages), bulletin boards and news groups, in connection with the Pod Plug Business. We reserve the right to control and create all social media posts and other Internet communications related to Pod Plug Businesses, but we may, at our option, permit you to advertise your Pod Plug Business on social media or otherwise on the Internet. If we grant our approval for your use of an Internet website, you acknowledge that the form, content and appearance of any Internet website or social media pages you use must comply with the System standards and must be approved by us in writing before being used, and you must

grant us administrative rights to all social media accounts, websites and other online accounts or platforms you establish. Accordingly, you agree that you have no authority to, and you will not, establish any website or social media page that creates any association with the Marks or the System, or post any advertisements, messages or materials on the Internet (including, but not limited to, social media websites such as Facebook, Instagram, Pinterest, Google, Yelp, Twitter/X, etc.) that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any Internet website or social media page created by or for you must contain a hypertext link to our Internet website in the form we require, and no other hypertext links to third party Internet websites or social media pages unless previously approved in writing by us. Notwithstanding our approval of a website or social media page, we reserve the right to revoke our approval at any time that the website or social media page fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website or social media page.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you agree to undertake all such actions that we require to disassociate yourself with the domain name.

(3) We have established, or may establish, an Internet website(s) that provides information about the System and the products and services offered by Pod Plug Businesses. When we establish an Internet website, we will have sole discretion and control over the website, including timing, design, contents and continuation. We may include at the website interior pages containing information about our franchisees' Pod Plug Businesses, and we may require you to prepare all or a portion of the page for your Pod Plug Business, at your expense, using a template that we provide, with all such information subject to our approval prior to posting. We may use Brand Marketing Fund monies to establish, upgrade/update and maintain our website(s).

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to participate in strict compliance with our standards, protocols and restrictions, including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. We may, in our sole discretion, charge a reasonable fee for Intranet usage, which you agree to pay in accordance with our invoice.

J. Business Licenses. You agree to secure and maintain, at your sole cost, any and all state, county, and/or local business licenses required for the operation of the Pod Plug Business.

K. Prices of Products Sold at Your Pod Plug Business. We may from time to time establish maximum, minimum or other pricing requirements for the products and services to be sold at, or in connection with, your Pod Plug Business to the fullest extent allowed by law.

L. Minimum Gross Sales Performance Requirements. You must achieve the following minimum Gross Sales levels during the term of this Agreement:

(a) Pod Plug Prep franchisees must meet or exceed the following minimum Gross Sales levels:

- (i) no minimum required in your first 12 months of operation;
- (ii) at least \$100,000 in Gross Sales during your second 12 months of operation (i.e. months 13 to 24); and
- (iii) at least \$150,000 in Gross Sales during your third 12 months of operation (i.e. months 25 to 36), and during each successive 12 month period throughout the term of the Franchise Agreement.

(b) Pod Plug Prime and Pod Plug Prestige franchisees must meet or exceed the following minimum Gross Sales levels:

- (i) no minimum required in your first 12 months of operation;

- (ii) at least \$100,000 in Gross Sales during your second 12 months of operation (i.e. months 13 to 24);
- (iii) at least \$150,000 in Gross Sales during your third 12 months of operation (i.e. months 25 to 36);
- (iv) at least \$200,000 in Gross Sales during your fourth 12 months of operation (i.e. months 37 to 48);  
and
- (v) at least \$250,000 in Gross Sales during your fifth 12 months of operation (i.e. months 49 to 60),  
and during each successive 12 month period throughout the term of the Franchise Agreement.

If you fail to meet these minimum Gross Sales requirements, we will have the right, at our option, to require you to attend additional training (at your expense), to reduce the size of your Protected Area or to terminate this Agreement. If we grant you the right to service one or more customers outside of your Protected Area, the revenue generated by your sale of services/products to those customers shall not be credited toward the minimum Gross Sales quotas described in this section.

## **IX. ADVERTISING**

A. Local Advertising. Recognizing the value of advertising and marketing to the goodwill and public image of Pod Plug Businesses, you agree to spend a reasonable amount on local advertising in the Protected Area. As of the date of this Agreement, we do not require you to spend any specific minimum amount on local advertising, but upon written notice to you we may require you to begin spending at least One Percent (1%) of your monthly Gross Sales on advertising and promotion of your Pod Plug Business in the Protected Area. At our request, you must submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to review your books and records from time to time to determine your expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area.

B. Cooperatives. We have the right, but not the obligation, to designate any geographic area in which two (2) or more company-owned or franchised Pod Plug Businesses are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we do, each Cooperative will be organized and governed as, and will begin operation on a date, we determine. Furthermore, we may modify or dissolve any Cooperative in our sole discretion from time to time upon written notice to the Cooperative members, and we may designate that specific vendors be used by any Cooperative. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes all or part of the Protected Area, you will be required to contribute up to One Percent (1%) of your monthly Gross Sales to the Cooperative, and you must execute the applicable Cooperative documents promptly upon our request and participate as a member of the Cooperative. Among other things, this means that (i) you must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require, and (ii) you must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that your Cooperative contribution will be applied to satisfy a portion of your individual local advertising requirement under Section IX.A. Your required contributions to a Cooperative will not exceed your individual local advertising requirements set forth in Section IX.A.

C. Brand Marketing Fund. We have established a marketing program fund (the "Brand Marketing Fund" or "Fund"). You must make weekly contributions to the Fund in an amount equal to One-half of One Percent (0.5%) of your Gross Sales. In our sole discretion, we may increase the amount you must contribute to the Fund upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to contribute more than Two Percent (2%) of your Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising under Section IX.A. Fund contributions will be due and payable at the same time and in the same manner that royalty fee payments are due and payable.

(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation thereof. You agree that the Fund may be used to pay the costs of digital marketing and other Internet marketing activities, preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining

an Internet website and enhancing search engine optimization; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Pod Plug Businesses to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund 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. Pod Plug Businesses owned by us and our Affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Pod Plug Business.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Pod Plug Businesses. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Pod Plug Businesses, we have no obligation to ensure that expenditures by the Fund in, or affecting, any geographic area are proportionate or equivalent to the contributions to the Fund by Pod Plug Businesses operating in that geographic area or that any Pod Plug Business will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Pod Plug Businesses. 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 Fund.

(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section IX.A. above.

D. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs designed to promote all Pod Plug Businesses. We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies. If we do establish these programs, you agree to participate in them in accordance with the terms and conditions we establish. The standards and specifications we establish for such programs shall be final and binding upon you.

E. Advertising Standards. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least fifteen (15) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within ten (10)

days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

F. Initial Launch Promotional Campaign. You are not required to conduct, or spend any funds on, an initial launch promotion campaign in connection with opening your Pod Plug Businesses.

G. Business Listings. If required by us, you shall place and pay the cost of a business listing acceptable to us, which may, at our discretion, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost, if required by us, may be credited against your required local advertising expenditures.

## **X. MARKS**

A. Your Right to Use the Marks. We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You agree not to contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the Pod Plug Businesses operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks.

C. Your Use of the Marks. You further agree that you will:

(1) Operate and advertise the Pod Plug Business only under the name "POD PLUG" without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the owner of an independently-owned franchised Pod Plug Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and display a notice in such content and form and at such conspicuous locations at the Pod Plug Business or on any vehicle used in the operation of the Pod Plug Business as we may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on our behalf.

(4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, be reasonably necessary or advisable to protect and maintain our or our Affiliates' interests in the Marks.

## **XI. CONFIDENTIALITY AND NONCOMPETITION COVENANTS**

A. Manuals. The Manuals are our property, and you agree to return them to us at our request, and to return them in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Article XI. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the Pod Plug Business and may not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You agree to maintain the Manuals in a secure place at your Pod Plug Business. We have the right to add to or modify the Manuals from time to time at our sole discretion. You agree to comply with the terms of all additions and modifications to the Manuals and to keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy kept by us at our offices (or on our Computer System, as applicable) shall control. The entire contents of the Manuals, and our mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Pod Plug Business. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Pod Plug Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information only to your Owners and employees and only to the extent reasonably necessary for them to operate the Pod Plug Business pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Pod Plug Business personnel and others. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) With respect to you, during the term of this Agreement (or with respect to each of the Owners, for so long as such person satisfies the definition of “Owner” under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Pod Plug Businesses to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business (other than a Pod Plug Business or other business licensed by us or our affiliate) that is the same as or similar to a Pod Plug Business (including any business that operates or owns vending machines or otherwise offers vending services or products) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in, this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of “Owner” under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Pod Plug Businesses to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business (other than a Pod Plug Business or other business licensed by us or our affiliate) that is the same as or similar to a Pod Plug Business (including any business that operates or owns vending machines or otherwise offers vending services or products) and which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of your Protected Area, or (iv) within a fifty (50)-mile radius of the protected area of any other Pod Plug Business then in existence.

(3) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill associated with the Marks and the System or our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XI.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XI.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XI.C. without your or their consent, effective immediately upon notice to you; and you and your Owners agree to promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section XI.C, and that the 2-year non-competition period shall be tolled during any periods of non-compliance and shall be extended for a time period equal to the duration of the non-compliance.

D. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Pod Plug Business (an "Improvement"), you agree to promptly notify us and provide us with all related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section XI.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Article XI. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your Owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Article XI., without the requirement that we post a bond. You and your Owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Article XI., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Article, or any part of it.

F. Execution of Covenants by Your Owners and Management. You agree to require and obtain the execution of covenants similar to those set forth in Sections XI.B. and C. from all General Managers, and, at our request, any assistant managers or other of your personnel. These covenants must be substantially in the form set forth in Exhibit B; however, we reserve the right, in our sole discretion, to decrease the scope of the noncompetition covenant set forth in Exhibit B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement.

## **XII. BOOKS AND RECORDS**

A. Maintenance of Books and Records. You must use one of our approved accounting vendors (currently One point or UniFi) for all of your accounting services for your first 24 months of operation. You must maintain at all times during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete and accurate books, records and accounts of your Pod Plug Business, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. You agree to preserve such books and records for at least five (5) years from the date of preparation.

B. Reporting. In addition to other reports required by this Agreement, you agree to submit to us, in the form we prescribe from time to time and at your expense:

(1) At our request, a monthly income statement (which may be unaudited), signed by your treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Not later than March 15th after the end of each calendar year during the term of this Agreement, your complete annual financial statements (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us (or, in the alternative, you may prepare internal annual financial statements signed by your treasurer, chief financial officer or comparable officer attesting that they are true, complete and correct) and showing the results of your operations during such calendar year. We may require you to prepare audited financial statements, at our discretion, if we determine or have reason to believe, that you are not accurately reporting your revenues or other financial information to us for any reason.



(3) Not later than five (5) days after filing, copies of your federal income tax returns (including any extension requests) and within five (5) days after the end of each calendar quarter, copies of your state sales tax returns. If your Pod Plug Business is in a state which does not impose a sales tax, you agree to submit a copy of your state income tax return (including any extension requests) not later than five (5) days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information and data as we may reasonably designate.

C. Audits. We or our designees will have the right at all reasonable times to review, audit, examine and copy your books and records relating to your Pod Plug Business. If any required payments to us are delinquent, or if an examination or audit should reveal that any payments have been understated in any report to us, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section V.G. If an examination or audit discloses an understatement in any report of Two Percent (2%) or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, legal and accounting fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to you or the Pod Plug Business which we may request. You further authorize us to disclose to prospective franchisees or other third parties data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

### **XIII. INSURANCE**

A. Insurance Coverage Requirements. Not later than thirty (30) days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Pod Plug Business. You must maintain these policies in full force and effect at all times during the term of this Agreement. All required insurance policies must be purchased from an insurance provider approved by us (which must be A rated or better by AM Best), must include a one-year tail following the termination, expiration or transfer of this Agreement, must name us as a co-insured and a certificate holder, must provide us with 30 days' notice prior to any termination or expiration, and shall otherwise be reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance written on an occurrence form, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate, \$1,000,000 personal and advertising injury, \$50,000 damage to premises rented to you, and \$5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate. Such insurance must include a deductible of less than \$10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the Effective Date of this Agreement;

(3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than \$10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) such other insurance as may be required by us from time to time or by the landlord of your Pod Plug Business premises at, and by the state or locality in, which the Pod Plug Business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections XIII.A(1)-(7) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. Builder's Risk Insurance. If you engage in any construction, renovation, refurbishment or remodeling of the Pod Plug Business, then you must maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

D. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article XVI. of this Agreement.

E. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents or employees.

F. Certificates of Insurance. Upon the execution of this Agreement and thirty (30) days before the expiration of any policy required under this Agreement, you agree to deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Article XIII. In addition, if we request, you agree to deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than thirty (30) days' prior written notice in the event of a material alteration to or cancellation of the policies.

G. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

#### **XIV. DEBTS AND TAXES**

A. Payment of Taxes and Other Obligations. You agree to promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the Pod Plug Business. You are solely liable for the payment of all Taxes and agree to indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed. You will pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on all fees and other payments paid to us under this Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state.

B. Disputed Liability. If there is a bona fide dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against your Pod Plug Business.

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you agree to promptly pay when due all amounts owed by you to us, our Affiliates, and other suppliers, lenders, landlords and other third parties. Any failure to comply with this section shall constitute a material default under this Agreement.

D. Notice of Adverse Orders. You agree to notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of your Pod Plug Business.

#### **XV. TRANSFER**

A. By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other business entities, or may be acquired by another business entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your Owners. Accordingly, neither you nor any of your Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Pod Plug Business, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Pod Plug Business or this Agreement, or if you or an Owner wishes to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

(1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement, shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

(2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The proposed transferee must demonstrate to our satisfaction that it meets our then-current qualifications, and, at the transferee's expense, its Operating Owner, General Manager and any other personnel we require shall complete any training programs then in effect for Pod Plug Businesses upon such terms and conditions as we may reasonably require;

(5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the Pod Plug Business (including vending machines) to conform to our then-current System image, standards and specifications, provided that this subsection XV.B(5) will be applicable only if you have not renovated, updated and upgraded the Pod Plug Business (including vending machines) in the prior three years pursuant to subsection VIII.D of this Agreement;

(6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all of your obligations, covenants and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement (except that the fees imposed on the transferee will not be greater than the fees that we then impose on similarly situated transferees), provided that the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of the transferee's owners whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer, shall obtain a one-year tail on each of its insurance policies to cover any liabilities that may have been incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a transfer fee in an amount equal to 75% of our then-current initial franchise fee (or 50% of our then-current initial franchise fee if the transfer is to an existing Pod Plug franchisee in good standing with us). Furthermore, if you are an individual transferring your rights and obligations under this Agreement to an entity owned solely by you pursuant to, and in accordance with, Section XV.C. of this Agreement, the transfer fee shall be a flat fee of \$1,500;

(10) If the transfer relates to the grant of a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership and owned solely by you, our consent may be conditioned upon any of the requirements in Section XV.B., except that Sections XV.B.(3), (4), (5), and (7) shall not apply and the fee

provided for in Section XV.B.(9) shall be limited to \$1,500. In any transfer for the convenience of ownership, you must be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had before the transfer.

D. Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the Pod Plug Business, or you pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third-party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section XV.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XV.B. Failure to comply with this Section XV.D. shall constitute a material event of default under this Agreement.

E. Death or Permanent Disability. You agree to promptly notify us of any death or claim of permanent disability subject to this Section XV.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XV.B. for any inter vivos transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within six (6) months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to a third party in accordance with the conditions described in this Article XV. within six (6) months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XV.E. We will pay the costs of any examination required by this Section XV.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section XV.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners and the other participants in the offering

must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

G. No Waiver. Our consent to the transfer of any interest described in this Article XV. shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

## **XVI. INDEMNIFICATION**

You agree to indemnify, defend and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of the operation of your Pod Plug Business or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. 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, in order 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. The terms of this Article XVI. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **XVII. INDEPENDENT CONTRACTOR**

You agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor conducting the operations of the Pod Plug Business pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom.

## **XVIII. TERMINATION**

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for

a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against your Pod Plug Business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Pod Plug Business shall be sold after levy thereupon by any sheriff, marshal or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

(1) If you operate the Pod Plug Business from any location other than the Franchise Location approved by us or provide any products or services outside of your Protected Area without our prior written consent;

(2) If you fail to begin operating the Pod Plug Business (i.e. actively engaging in business activities) within sixty (60) days after the Effective Date of this Agreement;

(3) If you fail to have at least one Pod Plug vending machine installed and operating within ninety (90) days after the Effective Date of this Agreement;

(4) If you at any time cease to operate or otherwise abandon the Pod Plug Business (i.e. unauthorized closure for 72 hours or more) or otherwise forfeit the right to do or transact business in the jurisdiction where the Pod Plug Business is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, if you apply within thirty (30) days after such event for our approval to relocate or reconstruct the Pod Plug Business and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Pod Plug Business is not in operation;

(5) If a threat or danger to public health or safety results from the construction or operation of the Pod Plug Business;

(6) If you or any of your Owners is convicted of, or has entered a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(7) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the Pod Plug Business contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section XV.E.;

(8) If, contrary to the terms of Section XI.B., you or any of your Owners disclose or divulge any Confidential Information;

(9) If you knowingly maintain false books or records, or submit any false reports to us;

(10) If you breach in any material respect any of the covenants, or have falsely made any of the representations or warranties, set forth in Article VII., or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;

(11) If you fail to comply with our standards and specifications for any products or services or fail to comply with any aspect of our quality assurance program (including any applicable cure periods provided under such program);

(12) If you or any of your Owners repeatedly commit an event of default under this Agreement (i.e. 3 or more defaults within any 12 month period), whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(13) If your assets, property or interests are 'blocked' or otherwise restricted under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation; or

(14) If you or any of your Affiliates are in default of any other franchise agreement or other agreements with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVIII.A. and XVIII.B. of this Agreement, upon any default which is capable of being cured, we may terminate this Agreement by giving you written notice of termination stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If you fail to procure and maintain the insurance policies required by Section XIII. and fail to cure such default within seven (7) days following notice from us;

(2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within twenty-four (24) hours following notice from us;

(3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section XI.F. of this Agreement within ten (10) days after we request and fail to cure such default within thirty (30) days following notice from us;

(4) If you or any of your Affiliates fail, refuse, or neglect to promptly pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial reports or other information we require under this Agreement, and do not cure such default within five (5) days following notice from us;

(5) If you or any of your Owners fail to comply with the restrictions against competition set forth in Section XI.C. of this Agreement and fail to cure such default within ten (10) days following notice from us;

(6) If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within thirty (30) days following notice from us;

(7) If you fail to secure and maintain all required state, county or local license(s) needed to operate the Pod Plug Business and fail to cure such default within ten (10) days following notice from us; or

(8) If you fail to comply with any other requirement imposed by this Agreement, or fail to carry out the terms of this Agreement in good faith, and fail to cure such default within thirty (30) days following notice from us.

D. Our Right to Provide Interim Management. If we have given you notice that you are in default, then we may (but are not obligated to) assume interim management of your Pod Plug Business during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of your Pod Plug Business (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of your Pod Plug Business during any such interim management period; (iii) we will have the right to charge a reasonable weekly management fee (currently 20% of your Pod Plug Business' Gross Sales, plus our related costs, including any travel, lodging and meal expenses for our personnel engaged in operating your business) for our management services; and (iv) you



agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with our interim management of the Pod Plug Business, other than those arising solely from our gross negligence or willful misconduct.

## **XIX. POST-TERMINATION**

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

(1) Immediately cease to operate the Pod Plug Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

(2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains the mark "POD PLUG" or any other Mark, and furnish us with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor shall you use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Article XIX., which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.

(6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the Pod Plug Business in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Article XI. of this Agreement and cause any other person required to execute similar covenants pursuant to Article XI. to also comply with such covenants.

(8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Pod Plug Business or at any other location under your control. We will have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.

(9) At our option, assign to us all rights to the telephone numbers of the Pod Plug Business and any related business listings (including any social media pages) and execute all forms and documents required by us to transfer such services and numbers to us. You agree to use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire your vending machines (or the lease or sublease for your vending machines) as described below, you agree to make such modifications or alterations to your vending machines as necessary to distinguish the appearance of such vending machines from that of the Pod

Plug vending machines, and, if you fail or refuse to do so, we shall have the right to enter upon the applicable premises and, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we shall have the following options:

(1) The option, exercisable by giving you written notice at any time within sixty (60) days from the date of such termination or expiration, to acquire all, or any portion (in our sole discretion), of the assets, including vending machines and their contents, of the Pod Plug Business from you (subject to any rights of approval retained by third party lenders). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, 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; and a general release.

(2) If you are operating your Pod Plug Business from a location other than your home, we will have the option, exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you own the Franchise Location, to enter into a lease agreement with you. If we exercise our option, you agree to assign your leasehold interest to us at no cost to us other than our assumption of the obligation to make post-assignment rental payments to the landlord under the lease; or if you own the Franchise Location, to lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the Pod Plug Business is located.

(3) If we exercise our option under subsection (1) to purchase all or a portion of the assets of the Pod Plug Business from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Pod Plug Business' equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the Pod Plug Business will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the Pod Plug Business' operation or that we have not approved as meeting the standards for Pod Plug Businesses, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the Pod Plug Business' assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint the third appraiser within fifteen (15) days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three (3) appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Pod Plug Business which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the Pod Plug Business, you and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

(6) We may assign our options under this Section XIX.B. to any person or entity without your consent.

**XX. MISCELLANEOUS**

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us:

Pod Plug Franchising, LLC  
220 S. Sylvania Avenue, Suite 106  
Fort Worth, Texas 76111  
Attn: Ethan Kohan  
Telephone: (310) 430-0031  
e-mail: [ethan@podplug.com](mailto:ethan@podplug.com)

Notices to you and  
your Owners:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
e-mail: \_\_\_\_\_

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of electronic mail, upon transmission.

B. No Waiver. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to you, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. An affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, in addition to payments required under Section XVIII.B.(4), you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article XVI. Except as provided in Section XVIII.B.(4) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

E. Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be

automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

**F. MEDIATION.** WE AND YOU ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT WE AND YOU ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY YOU AND US AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN (15) DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY IN FORT WORTH, TEXAS). THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION XX.G. WE AND YOU AGREE THAT STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION XX.F., YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

**G. LITIGATION.** WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED IN SECTION XX.F. ABOVE, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF DALLAS COUNTY, TEXAS AND THE FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE DALLAS COUNTY, TEXAS.

**H. GOVERNING LAW.** EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND ALL CLAIMS ARISING FROM THE

RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS' CONFLICT OF LAW RULES).

I. PARTIES' ACKNOWLEDGMENTS. YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

J. WAIVER OF PUNITIVE DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE XVI. 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 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 YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

K. LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE XVI., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

L. JURY WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

M. NO CONSOLIDATION OR CLASS ACTIONS. YOU AGREE THAT ANY DISPUTE OR ACTION BETWEEN YOU AND US WILL BE OF OUR AND YOUR INDIVIDUAL CLAIMS. NONE OF YOUR CLAIMS WILL BE LITIGATED ON A CLASS-WIDE BASIS OR OTHERWISE CONSOLIDATED WITH ANY CLAIMS OF ANY THIRD PARTIES.

N. 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, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees.

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

P. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing.

Q. Consents and Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to 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.

R. Owners. If two or more persons are at any time the “Franchisee” under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

S. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

T. Headings. The captions used in connection with the articles, sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

U. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XX.F. through XX.N. will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination.

V. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

W. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of our rights pursuant to Section XVIII. of this Agreement shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

X. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section XV.), any rights or remedies under or as a result of this Agreement.

Y. Further Assurances. You and we agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Z. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

AA. Entire Agreement. This Agreement, and the exhibits hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document that we furnished to you.** You acknowledge and agree that no other representations by us or any third party have induced you to execute this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Franchise Agreement to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISOR:**

**Pod Plug Franchising, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT A TO THE FRANCHISE AGREEMENT**

### **OWNERS' GUARANTY AND ASSUMPTION AGREEMENT**

This Guaranty and Assumption Agreement (the "Guaranty") is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by the undersigned in connection with the Franchise Agreement dated \_\_\_\_\_, 20\_\_, between Pod Plug Franchising, LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including, without limitation, amounts due for initial franchise fees, royalties, Brand Marketing Fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and
- (vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and
- (ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and
- (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and



- (v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles VII., XI., XV., XVI. and XIX. and Sections XX.F. through N (which include, among other things, the mediation of disputes and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES).

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, mediators', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

**IN WITNESS WHEREOF**, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

**GUARANTORS**

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

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

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

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

## **EXHIBIT B TO THE FRANCHISE AGREEMENT**

### **CONFIDENTIALITY AND NONCOMPETITION AGREEMENT**

This Confidentiality and Noncompetition Agreement (this “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and among Pod Plug Franchising, LLC, a Texas limited liability company (“Franchisor,” “we,” “us,” or “our”)<sup>1</sup>, \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Covenantor” or “you”) in connection with a Franchise Agreement between Franchisor and Franchisee dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). Initially capitalized terms used, but not defined in this Agreement, have the meanings given to them in the Franchise Agreement.

#### **RECITALS**

We have the right to use and license the use of a System for the establishment and operation of Pod Plug Businesses.

The System is identified by certain Marks including, the mark “POD PLUG” and includes certain Confidential Information which provides economic advantages to us and licensed users of the System.

We have granted Franchisee the right to operate a Pod Plug Business pursuant to the Franchise Agreement.

You are employed by or associated with Franchisee and it will be necessary for you to have access to some or all of the Confidential Information.

We and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from you a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by you herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

#### **Confidentiality Agreement**

1. You shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of your employment by or association with Franchisee in connection with the operation of a Pod Plug Business under the Franchise Agreement.

2. You shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without our express written permission.

3. You shall not at any time disclose or permit the disclosure of the Confidential Information except to Franchisee’s other authorized employees and only to the limited extent necessary to train or assist such other employees in the operation of the Pod Plug Business.

4. You shall surrender any material containing some or all of the Confidential Information to Franchisee or us, upon request, or upon termination of your employment by or association with Franchisee.

5. You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. You acknowledge that all Manuals are loaned by us to Franchisee for limited purposes only and remain our property. You agree that no Manuals may be reproduced, in whole or in part, without our written consent.

### **Covenants Not to Compete**

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to you, you agree that, during the term of your association with or employment by Franchisee, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, you will not, without our prior written consent:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of Pod Plug Businesses to any competitor; or

b. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as, or similar to, a Pod Plug Business (including any business that operates or owns vending machines or otherwise offers vending services or products) and which is, or is intended to be, located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; provided that during the two year-period following termination, expiration or transfer of the Franchise Agreement, the non-compete restrictions shall be limited to operations: (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of the Protected Area, or (iv) within a fifty (50)-mile radius of the protected area of any other Pod Plug Business then in existence.

### **Franchisee's Undertaking**

Franchisee agrees to make all commercially reasonable efforts to ensure that you act as required by this Agreement.

### **Miscellaneous**

1. You agree that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill of the System or our other business interests.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, we and the Franchisee would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, you agree that we and/or the Franchisee shall be entitled, in addition to any other remedies which we or it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. You agree to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by us and/or the Franchisee in enforcing this Agreement.

3. Any failure by us or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by you.

**4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO TEXAS' CONFLICT OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMIT YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN DALLAS COUNTY, TEXAS AND THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE STATE OR FEDERAL COURTS LOCATED IN DALLAS COUNTY, TEXAS OR THE COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, WE OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.**

5. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

6. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Pod Plug Franchising, LLC  
220 S. Sylvania Avenue, Suite 106  
Fort Worth, Texas 76111  
Attn: Ethan Kohan  
Telephone: (310) 430-0031  
e-mail: [ethan@podplug.com](mailto:ethan@podplug.com)

If directed to Franchisee, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
e-mail: \_\_\_\_\_

If directed to Covenantor, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
e-mail: \_\_\_\_\_

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of electronic mail, upon transmission.

7. Our rights and remedies under this Agreement are fully assignable and transferable and shall inure to the benefit of our Affiliates, successors and assigns. Your obligations and those of the Franchisee may not be assigned without our prior written consent.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISOR:**

**Pod Plug Franchising, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**COVENANTOR:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C TO THE FRANCHISE AGREEMENT**

**SELECTED TERMS:  
FRANCHISE LOCATION, PROTECTED AREA,  
AND OPENING DATE**

1. TYPE OF FRANCHISE BEING PURCHASED (check one):

- ☐ Pod Plug Prep franchise;
- ☐ Pod Plug Prime franchise; or
- ☐ Pod Plug Prestige franchise.

2. FRANCHISE LOCATION:

The Pod Plug Business shall be located at the following address: \_\_\_\_\_

3. PROTECTED AREA: **[Insert description (and attach map if applicable)]**

The Protected Area shall be: \_\_\_\_\_.

4. OPENING DATE: The Opening Date of the Pod Plug Business is \_\_\_\_\_, 20\_\_.

**EXHIBIT D TO THE FRANCHISE AGREEMENT**

**OWNERSHIP AND MANAGEMENT INFORMATION**

1. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in you, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

2. Your Operating Owner is: \_\_\_\_\_

3. Your General Manager (if applicable) is: \_\_\_\_\_

**EXHIBIT E TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER  
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO**

**POD PLUG FRANCHISING, LLC/PAYEE**

BANK NAME

ACCOUNT #

ABA#

FEIN

\_\_\_\_\_

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above-named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Acct.: \_\_\_\_\_

(Please attach one voided check for the above account.)



Pod Plug Business Location: \_\_\_\_\_  
\_\_\_\_\_

For information call: \_\_\_\_\_

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

Phone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

\_\_\_\_\_  
Name of you/Depositor (please print)

By: \_\_\_\_\_  
Signature and Title of Authorized Representative

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

## EXHIBIT F TO THE FRANCHISE AGREEMENT

### ASSIGNMENT OF TELEPHONE NUMBERS

For value received, the undersigned (hereinafter called the "Franchisee") hereby irrevocably assigns, effective upon the date of termination or expiration of the Franchise Agreement, the telephone listings and numbers stated below to Pod Plug Franchising, LLC (hereinafter called "Franchisor") upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement of even date herewith (hereinafter called "Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by the Franchisee in the operation of the Pod Plug Business contemplated by the Agreement.

2. The Franchisee shall retain the limited right to use the telephone listing and numbers solely for the transaction and advertising of the business while the Agreement between Franchisor and the Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing and numbers by the Franchisee shall also terminate.

3. The telephone listing and numbers subject to this assignment are:

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and any numbers on the rotary series used by the Franchisee in the operation of the business in the future.

IN WITNESS WHEREOF, the Franchisee has hereunto set his/her hand this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT G TO THE FRANCHISE AGREEMENT**

### **STATE SPECIFIC ADDENDA**

#### **CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises in the State of California, is amended to include the following:

1. Sections IV(B)(7), XV(B)(3) and XIX(B)(5) of the Franchise Agreement are amended by adding the following at the end of these sections:

This release will not apply to claims as you may have under the California Franchise Investment Law and the California Franchise Relations Act."

2. The Franchise Agreement is governed by Texas law. This requirement may be unenforceable under California law.
3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
4. The Franchise Agreement does not contain a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.
5. The Franchise Agreement currently requires that any litigation be conducted in Texas. This provision may not be enforceable under California law.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

**FRANCHISOR:**

**Pod Plug Franchising, LLC**

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

Name: Ethan Kohan

Title: Chief Executive Officer

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

## **ILLINOIS**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. 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.
5. 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.

### **FRANCHISOR:**

**Pod Plug Franchising, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

### **FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **INDIANA**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the disclosure document, the Franchise Agreement, or Texas law, if the provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as including any material breach of the Franchise Agreement, will supersede the provisions of Article XVIII of the Franchise Agreement to the extent Article XVIII may be inconsistent with this prohibition.
3. Any provision in the Franchise Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.
4. Section XI.C of the Franchise Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement as a second paragraph to Section XX.K:

Notwithstanding the foregoing provisions of this Section XX.K, any provision in this Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any contractual provision violates the Indiana Deceptive Franchise Practices Law.

### **FRANCHISOR:**

**Pod Plug Franchising, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

### **FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## MARYLAND

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all residents of the State of Maryland, all franchises to be operated in the State of Maryland, and all franchises offered and sold in the State of Maryland. Accordingly, the Franchise Agreement is hereby amended as follows:

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you under this Agreement shall be deferred until the franchisor completes its pre-opening obligations under this Agreement.
3. The general release required under the Franchise Agreement as a condition of the renewal, sale and/or assignment/transfer of the franchise agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
6. With regard to the Franchise Agreement, the representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
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.

The undersigned does hereby acknowledge receipt of this addendum dated \_\_\_\_\_.

### **FRANCHISOR:**

**Pod Plug Franchising, LLC**

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

Name: Ethan Kohan

Title: Chief Executive Officer

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

### **FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

**VIRGINIA**

1. Pursuant to Section 31.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Section V.A of the Franchise Agreement is hereby amended to include the following statement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

**FRANCHISOR:**

**Pod Plug Franchising, LLC**

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

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

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

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

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

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

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

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

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

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

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

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a



negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

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

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

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

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

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

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

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

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

19. Pursuant to RCW 19.100.050 and WAC 460-80-400, the Securities Division of the Washington Department of Financial Institutions requires us to defer payment of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until we have completed our pre-opening obligations under the applicable franchise agreement and other documents and you have opened for business. In addition, if you sign a Multi-Unit Development Agreement, the initial development fee payable under such agreement will be prorated so that an applicable portion of the development fee is due and payable only when each unit opens for business.

**FRANCHISOR:**

**Pod Plug Franchising, LLC**

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WISCONSIN**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Franchise Agreement that are inconsistent with that law.

**FRANCHISOR:**

**Pod Plug Franchising, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Ethan Kohan  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT**

### **STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

#### **CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document for Pod Plug Franchising, LLC in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with this disclosure document.
2. Neither the franchisor nor any person included in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provides rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the franchise agreement attached to this disclosure document contains a provision that is inconsistent with the law, the law will control.
4. Item 6 of this disclosure document is amended to include the following statement: The franchise agreement attached to this disclosure document provides for interest to be paid (at a rate equal to the lesser of 18% per year or the maximum lawful rate) on any past due amounts owed to the franchisor. The maximum lawful rate of interest under California law is 10% per annum.
5. The franchise agreement attached to this disclosure document provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
6. The franchise agreement attached to this disclosure document contains a covenant not to compete which extends beyond the termination of the franchise agreement. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
7. The franchise agreement attached to this disclosure document does not contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

8. The franchise agreement attached to this disclosure document does not require disputes to be settled through binding arbitration.
9. The franchise agreement attached to this disclosure document requires disputes to be settled in Texas under Texas law. Prospective franchisees are encourage 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 the franchise agreement restricting venue to a forum outside the State of California.
10. The franchise agreement attached to this disclosure document requires application of the laws of Texas. This provision may not be enforceable under California law.
11. 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.
12. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
13. Item 19 of this disclosure document is revised to add the following statement:

“The financial performance representation figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.”
14. Regarding our website, [www.podplug.com](http://www.podplug.com), please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
15. THE ANTIRUST LAW SECTION OF THE OFFICE OF THE CALIFORNIA ATTORNEY GENERAL VIEWS MINIMUM AND MAXIMUM PRICE AGREEMENTS AS PER SE VIOLATIONS OF THE CARTWRIGHT ACT.
16. The franchise agreement attached to this disclosure document states that we reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or

services, but California's Cartwright Act limits our ability to set maximum, minimum, or other pricing requirements with respect to prices be charged by franchisees in the State of California.

17. 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.

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

## **ILLINOIS**

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

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

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

The conditions under which your franchise can be terminated, and your rights upon non-renewal of a franchise agreement, are found in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

## **INDIANA**

The following provisions supersede any inconsistent provisions in the disclosure document, and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the disclosure document, the Franchise Agreement or Texas law, if these provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as including any material breach of the Franchise Agreement, will supersede the provisions of Article XVIII of the Franchise Agreement to the extent such sections may be inconsistent with this prohibition.
3. Any provision in the Franchise Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.
4. The following provision will be added to the Franchise Agreement at the end of Section XX.K.:

**No Limitation on Litigation.** Regardless of any contrary provisions contained in this Section XX.K, any provision in the Franchise Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any contractual provision violates the Indiana Deceptive Franchise Practices Law.

## **MARYLAND**

The following provisions supersede any inconsistent provisions in the disclosure document, and apply to all residents of the State of Maryland, all franchises to be operated in the State of Maryland, and all franchises offered and sold in the State of Maryland:

Item 5 of the FDD is amended to include the following disclosures:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the multi-unit development agreement opens.

Item 17 of the FDD is amended to include the following disclosures:

1. Any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

2. The general release required as a condition of the renewal, sale and/or assignment/transfer of the franchise agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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.

## **VIRGINIA**

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of Virginia:

In recognition of the restrictions contained in Section 31.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Pod Plug Franchising, LLC for use the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures:

The following statements are added to Item 17.h:

Pursuant to Section 31.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following statement is added to Item 5:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.



## **WASHINGTON**

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

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

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

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

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

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

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

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

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

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

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

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

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

19. The following statements are added to Item 5 of the FDD:

**Pursuant to RCW 19.100.050 and WAC 460-80-400, the Securities Division of the Washington Department of Financial Institutions requires us to defer payment of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until we have completed our pre-opening obligations under the applicable franchise agreement and other documents and you have opened for business.**

### **WISCONSIN**

The following provision supersedes any inconsistent provision in the disclosure document and applies to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats., supersedes any provisions of this disclosure document and the Franchise Agreement that are inconsistent with that law.

**EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT**  
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# Pod Plug Franchise Operations Manual

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## EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT

### LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

#### 1. State Franchise Administrators

We intend to register this disclosure document in some or all of the following states, in accordance with the applicable state law. The following are the state administrators responsible for the review, registration, and oversight of registrations in that state:

<u>CALIFORNIA</u> Commissioner of Business Oversight Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814 (415) 972-8559 or toll-free at (866) 275-2677	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<u>MICHIGAN</u> Consumer Protection Division Franchise Section Attn: Marilyn McEwen 670 Law Building Lansing, Michigan 48913 (517) 373-7117
<u>ILLINOIS</u> Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<u>MINNESOTA</u> Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328
<u>INDIANA</u> Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<u>NEW YORK</u> Bureau of Investor Protection and Securities New York State Department of Law 28 Liberty Street, 15 <sup>th</sup> floor New York, New York 10005 (212) 416-8222

<u><b>NORTH DAKOTA</b></u> North Dakota Securities Department 600 East Boulevard Avenue State Capital, 5 <sup>th</sup> Floor (Dept. 414) Bismarck, North Dakota 58505 (701) 328-4712	<u><b>VIRGINIA</b></u> Securities and Retail Franchising Division State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
<u><b>RHODE ISLAND</b></u> Department of Business Regulation John O. Pastore Complex, Bldg 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	<u><b>WASHINGTON</b></u> Dept. of Financial Institutions Securities Administrator 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
<u><b>SOUTH DAKOTA</b></u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	<u><b>WISCONSIN</b></u> Office of the Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559

## 2. Agents For Service Of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

<u><b>CALIFORNIA</b></u> Commissioner of Business Oversight Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814 (415) 972-8559 or toll-free at (866) 275-2677	<u><b>MARYLAND</b></u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<u><b>HAWAII</b></u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<u><b>MICHIGAN</b></u> Consumer Protection Division Franchise Section 670 Law Building Lansing, Michigan 48913 (517) 373-7117



<u>ILLINOIS</u> Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<u>MINNESOTA</u> Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328
<u>INDIANA</u> Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<u>NEW YORK</u> New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, New York 12231 (518) 473-2492
<u>NORTH DAKOTA</u> Securities Commissioner 600 East Boulevard Avenue State Capitol Bismarck, North Dakota 58505 (701) 224-4712	<u>VIRGINIA</u> Clerk of State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
<u>RHODE ISLAND</u> Director of Department of Business Regulation John O. Pastore Complex, Bldg 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	<u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, Washington 98501 (360) 902-8760
<u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	<u>WISCONSIN</u> Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559
<u>TEXAS</u> Northwest Registered Agent, LLC 5900 Balcones Drive Suite 100 Austin, Texas 78731	

**EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

**SEE FOLLOWING PAGE**

# Pod Plug Franchising, LLC

## Balance Sheet

As of December 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Checking - 2824 - 1	194.00
<b>Total Bank Accounts</b>	<b>\$194.00</b>
<b>Total Current Assets</b>	<b>\$194.00</b>
Other Assets	
Startup costs	167,909.97
<b>Total Other Assets</b>	<b>\$167,909.97</b>
<b>TOTAL ASSETS</b>	<b>\$168,103.97</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Advance from POD Plug LLC	167,909.97
<b>Total Other Current Liabilities</b>	<b>\$167,909.97</b>
<b>Total Current Liabilities</b>	<b>\$167,909.97</b>
<b>Total Liabilities</b>	<b>\$167,909.97</b>
Equity	
Partner Capital	200.00
Retained Earnings	
Net Income	-6.00
<b>Total Equity</b>	<b>\$194.00</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$168,103.97</b>

**EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT**

**GENERAL RELEASE**

## GENERAL RELEASE

**THIS GENERAL RELEASE (“Release”)** is signed on \_\_\_\_\_ by \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Guarantors”) as a condition of: (1) the transfer of the Pod Plug Franchise Agreement dated \_\_\_\_\_ between Pod Plug Franchising, LLC (“we”, “us” or “our”) and Franchisee (“Franchise Agreement”); or (2) the signing of a successor Franchise Agreement between Franchisee and us.

**1. Release by Franchisee and Guarantors.** Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “Releasers”) freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the “Released Parties”) from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releaser ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releaser and us or our parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

**2. Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

**3. Covenant Not to Sue.** Franchisee and Guarantors (on behalf of all Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

**4. No Prior Assignment and Competency.** Franchisee and Guarantors represent and warrant that: (i) Releasers are the sole owners of all Claims and rights released in Section 1 and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releaser has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily

and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

**5. California Release.** California Civil Code §1542 provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

**6. Complete Defense.** Franchisee and Guarantors: (i) acknowledge that the release in Section 1 is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

**7. Successors and Assigns.** This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

**8. Counterparts.** This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

**9. Capitalized Terms.** Any capitalized terms that are not defined in this Release have the meaning given them in the Franchise Agreement.

**IN WITNESS WHEREOF**, Franchisee and Guarantors have signed this Release as of the date shown above.

FRANCHISEE:

\_\_\_\_\_

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

Name:

Title:

Date:

\_\_\_\_\_

GUARANTORS:

\_\_\_\_\_ resident

Date:

**EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT FRANCHISEES**

**NONE**

**EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FORMER FRANCHISEES WHO LEFT THE SYSTEM IN THE MOST  
RECENTLY COMPLETED FISCAL YEAR**

**NONE**

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



**EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT**

**Form of Vending Machine Rental Agreement**

**See following page**

**VENDING MACHINE RENTAL AGREEMENT**  
**Pod Plug Franchising, LLC**

This Vending Machine Rental Agreement (this "Agreement") is made and entered into by and between **Pod Plug Franchising, LLC**, a Texas limited liability company ("Lessor"), and \_\_\_\_\_, a \_\_\_\_\_ ("Lessee"), as of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date").

---

**ARTICLE 1 – DEFINITIONS**

**1.1 "Machines"** refer to the vending units rented under this Agreement, including models such as Hotspot, Spotlight, Bouncer, and any subsequent models made available by Lessor.

**1.2 "Lease Term"** means the 36-month non-cancellable term described in Article 3.

**1.3 "Franchise Agreement"** refers to the binding agreement between Lessee and Lessor governing the operation of the Pod Plug franchise.

**1.4 "Buyout Option"** refers to the option to purchase Machines at depreciated fair market value after the initial Lease Term.

**1.5 "Renewal Option"** refers to the right to enter a second 36-month term at a discounted rental rate.

---

**ARTICLE 2 – EQUIPMENT COVERED [Select Type and Number of Machines being rented subject to this Agreement]**

Model	Monthly Rental Fees
Hotspot	\$150 each x _____ Machines
Spotlight	\$160 each x _____ Machines
Bouncer	\$190 each x _____ Machines

Lessee shall pay Lessor all applicable monthly rental fees on the 1st day of each month throughout the term of this Agreement beginning in the month in which the Machines are delivered to Lessee, provided that the first month's rent will be prorated based on the date of delivery. In addition, Lessee is solely responsible for paying all shipping/freight costs.

---

## **ARTICLE 3 – TERM AND OPTIONS**

**3.1 Lease Term:** 36 months, fixed and non-cancellable.

**3.2 Renewal Option:** Provided that Lessee has complied with all terms and provisions of this Agreement and any other agreements between the parties, Lessee may renew this Agreement for an additional 36-month term by providing Lessor with reasonable written notice of intent to renew prior to the expiration of this Agreement.

**3.3 Buyout Option:** Provided that Lessee has complied with all terms and provisions of this Agreement and any other agreements between the parties, Lessee may purchase the Machines that have been rented subject to this Agreement at the following buyout values upon expiration of this Agreement by providing Lessor with reasonable written notice of intent to purchase: (a) \$1,609.65 for hotspot machines; (b) \$1,749.65 for spotlight machines; and (c) \$1,889.65 for bouncer machines.

**3.4 Title:** All Machines remain the sole property of Lessor, provided that if a formal buyout agreement is executed by the parties and Lessee pays Lessor the applicable buyout purchase price for a specific Machine then ownership of such Machine will transfer to Lessee.

---

## **ARTICLE 4 – PAYMENT TERMS**

**4.1 Payment Method:** Monthly rental fees shall be paid via automatic ACH debit.

**4.2 Payment Due Date:** Lessee shall pay Lessor all applicable monthly rental fees on the 1st day of each month throughout the term of this Agreement beginning in the month in which the Machines are delivered to Lessee, provided that the first month's rent will be prorated based on the date of delivery.

**4.3 Grace Period & Late Fees:** A \$50 late fee applies after a 3-day grace period.

**4.4 Taxes:** Lessee is responsible for all applicable taxes, including sales and use tax.

---

## **ARTICLE 5 – MAINTENANCE AND OPERATIONS**

**5.1 Franchisee Responsibility:** Lessee shall be solely responsible for all of the following activities (including any costs related thereto) with regard to each Machine:

- 
- Installation
  - Operation
  - Regular cleaning and upkeep
  - Repairs due to wear, misuse, theft, or damage (provided that all repairs must be performed using parts and labor meeting Lessor's standards and specifications)

**5.2 Warranty:** Machines are warranted only against manufacturer defects for 1 year. No warranty is applicable beyond that period. Lessor expressly disclaims all other warranties, express or implied, of any kind, and Lessee hereby acknowledges that no warranties shall apply to the Machines except as stated above in this section.

**5.3 Insurance:** Lessee must maintain insurance as required under the applicable Pod Plug Franchise Agreement. Machines must be specifically listed as covered assets.

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## ARTICLE 6 – CLOUD SOFTWARE AND CONNECTIVITY

**6.1 Backend Access:** Machines include backend connectivity and software access retained and monitored by Lessor.

**6.2 Connectivity:** Lessee must ensure stable network connectivity, and all Machines must remain connected to Lessor's required systems at all times.

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## ARTICLE 7 – DEFAULT AND REMEDIES

### 7.1 Events of Default include:

Lessee shall be in material default under this Agreement as a result of:

- Failure to timely pay rent or other fees owed to Lessor or otherwise failing to comply with any requirements under this Agreement;

- Failure to maintain insurance as required by Lessor;
- Unauthorized machine relocation (i.e. any relocation without Lessor's prior consent);
- Misuse, neglect, damaging or tampering with any Machines; or
- Any uncured default under, or termination of, your Pod Plug franchise agreement.

## **7.2 Remedies:**

Upon your default, Lessor may take one or more of the following actions:

- Repossess some or all of the Machines, at Lessor's option;
- Accelerate remaining payments to be paid to Lessor under this Agreement;
- Demand that you pay Lessor the applicable buyout payment for some or all of the Machines, at Lessor's option;
- Terminate this Agreement and any Pod Plug Franchise Agreement(s) then in effect;
- File UCC-1 liens; and
- Demand payment for its collection costs, legal fees, and applicable interest on any past due amounts (with interest payable at 1.5% per month or the highest rate allowed by applicable law, whichever is lower)

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## **ARTICLE 8 – CROSS-DEFAULT**

Default under this Agreement **shall constitute a material default** under your Pod Plug Franchise Agreement(s) and may result in termination of such franchise agreement(s) at Lessor's discretion.

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## **ARTICLE 9 – SECURITY INTEREST**

Lessor retains full ownership rights, and a security interest in, all Machines. Lessor may file a UCC-1 Financing Statement to perfect its interest.

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## **ARTICLE 10 – LESSEE COVENANTS**

Lessee agrees:

- Not to assign or transfer its rights in any Machine or this Agreement without Lessor's prior written consent. Any attempt transfer or assign without Lessor's prior written consent shall be null and void;
- To grant Lessor reasonable access to the Machines at all times for inspection;
- To notify Lessor of any damage or theft to any Machine immediately; and
- Not to encumber any Machines in any manner.

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## ARTICLE 11 – RETURN CONDITIONS

Immediately upon any expiration or termination of this Agreement, all Machines must be returned to Lessor (if not purchased or renewed in accordance with this Agreement) in **good working condition**. If Machines are damaged, Lessor may charge the repair costs to Lessee or deny return. Lessee is solely responsible for paying all shipping/freight costs.

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## ARTICLE 12 – PERSONAL GUARANTEE

The individual(s) signing below in their individual capacity agree to personally guarantee all payment and performance obligations under this Agreement.

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## ARTICLE 13 – GENERAL PROVISIONS

**13.1 Notices:** All notices under this Agreement shall be sent to:

Notices to Lessor:

Pod Plug Franchising, LLC

220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111

Attn: Ethan Kohan

Telephone: (310) 430-0031

e-mail: ethan@podplug.com

Notices to Lessee and its Owners:

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Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

**13.2 Governing Law:** This Agreement and any disputes arising hereunder shall be governed by the laws of the State of **Texas**. Venue for all legal actions brought by any party in connection with this Agreement shall be exclusive to **Dallas County, Texas, provided that Lessor may seek injunctive action against Lessee in any applicable jurisdiction.**

**13.3 Severability:** If any provision of this Agreement is deemed unenforceable, the remainder shall remain in effect.

**13.4 Entire Agreement:** This is the entire agreement between parties regarding rental of the Machines subject hereto and supersedes all prior understandings.

**13.5 Amendment:** No modifications or amendments of this Agreement are valid unless in writing and signed by both parties.

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## SIGNATURES

### LESSOR:

**Pod Plug Franchising, LLC**

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

Name: Ethan Kohan

Title: Founder & CEO

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

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### LESSEE:

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

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

Name (printed): \_\_\_\_\_

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

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

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### PERSONAL GUARANTOR(S) OF LESSEE'S OBLIGATIONS:

Name (printed): \_\_\_\_\_

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

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



### **STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT PAGES**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pod Plug Franchising, 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, or sooner if required by applicable state law. Applicable state laws in (a) Michigan and Oregon require us to provide you the disclosure document at least 10 business 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 and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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.

If Pod Plug Franchising, 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 any applicable state agency (as listed in ***Exhibit D*** to this disclosure document).

The name, principal business address and phone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone
Ethan Kohan	220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111	(310) 430-0031
Rafael Rezende	220 S. Sylvania Avenue, Suite 106, Fort Worth, Texas 76111	(310) 430-0031

Issuance Date: March 19, 2025, amended August 7, 2025 and September 19, 2025

I received a Disclosure Document dated March 19, 2025, amended August 7, 2025 and September 19, 2025. The Disclosure Document included the following Exhibits:

- A. Franchise Agreement
- B. State Specific Addenda
- C. Table of Contents of Confidential Franchise Operations Manual
- D. List of State Administrators and Agents for Service of Process
- E. Financial Statements
- F. General Release
- G. List of Current Franchisees
- H. List of Former Franchisees
- I. Form of Vending Machine Rental Agreement
- J. Receipts

Dated: \_\_\_\_\_

\_\_\_\_\_  
Individually and as an Officer

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

of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
(a \_\_\_\_\_ Limited Liability Company)

**[Keep this page for your records]**

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\_\_\_\_\_  
Individually and as an Officer

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

of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
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**[Sign and return this page to Pod Plug Franchising, LLC]**